

**FEE APPRAISER TRAINING GUIDE
FOR THE
HOUSTON REGIONAL LOAN CENTER**

REVISED 1/2005



**DEPARTMENT OF VETERANS AFFAIRS
HOUSTON, TEXAS**

**DEPARTMENT OF VETERANS AFFAIRS
REGIONAL LOAN CENTER**

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VA APPRAISAL ASSIGNMENTS & E-APPRAISAL <http://vip.vba.va.gov/>

LENDERS HANDBOOK VA PAMPHLET 26-7 http://www.warms.vba.va.gov/pam26_7.html

HOUSTON REGIONAL LOAN CENTER <http://www.vba.va.gov/ro/houston/lgy/home.html>

VA FORMS <http://www.vba.va.gov/pubs/homeloanforms.htm>

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SPECIFIC REQUIREMENTS

Fee appraisers are expected to conduct themselves in a diplomatic and professional manner at all times. Negative personal opinions regarding condition, location, style, marketability, etc. are not to be conveyed to any party during or after the appraisal process. A professional appearance and demeanor are required at all times.

You are not required to discuss the appraisal report with any party other than the LAPP underwriter or the VA staff appraiser. However, you may and are encouraged to do so in order to maintain an effective rapport. Serious disagreements should be referred to VA.

Do not submit invoices prior to completion and mailing of the appraisal report.

Fee appraisers are required to **personally** inspect the interior and exterior of the subject property and the exterior of all comparable sales employed. This cannot be delegated to an associate, and **violations of your certification in this regard are considered grounds for removal from the VA panel**. We are also required to notify licensing agencies of such violations, so please be very careful in this area.

Generally, the “sales comparison approach” will be used to estimate the market value of the subject property. Comparables should be closed, arms length transactions which have occurred as recently as possible in the competitive marketing area (subdivision if possible).

Do not require roofing, heating, plumbing or electrical certifications. If there is any question as to the condition of these systems, state the reason. We will determine the specific requirements based on your comments.

When asked to perform a repair inspection, the report should be typed on your letterhead. **Do not use VA form 26-1839 (Compliance Inspection Report)**.

You are not expected to enter attics or crawl spaces. However, you should look inside each for evidence of fire damage, moisture, insulation, structural problems or roof leaks.

Phone calls received from VA staff should be returned ASAP. Calls from LAPP underwriters should be returned within 24 hours of receipt.

Properties should be appraised to meet Minimum Property Requirements.

VA recognizes three categories of appraisals:

- Existing- any home that has been fully completed for more than 12 months or more.
- New- a newly constructed home that is fully complete, or complete except for customer preference items.
- Proposed- appraisal is based upon plans and specifications regardless of the stage of construction/completion (if less than fully complete). Plan and specs must be certified, or include HUD Form 92541, or will be returned.

(NOTE: THE APPRAISAL REQUEST IS TO BE PROCESSED AS ORDERED BY THE LENDER. MATCH THE APPRAISAL TO THE REQUEST WHEN POSSIBLE. IF THE APPRAISAL IS ORDERED AS "PROPOSED" DO **NOT** CHANGE TO EXISTING IF THE PROPERTY IS NEAR COMPLETION, THE TYPE OF PROCESSING AFFECTS THE VETERAN DIRECTLY.)

If there is any doubt about what type of appraisal you are to perform, ASK THE LENDER!

All appraisals must be completed as quickly as conventional appraisals within your geographic area, no later than 7 calendar days from receipt of 1805. See detailed instructions in Section A1, paragraph 4.

PHOTOGRAPHS:

Subject - photos of dwelling front, rear, other significant improvements and street
Comparables- photo of front

LISTINGS - MLS or better

Please provide additional photos of any influence or feature which significantly affects value (waterfront site, pool, or other improvements contributing \$3,000 or more).

Show date the assignment was received and the date the report was submitted in the upper right hand corner of page two of the URAR.

Large adjustments(over \$2500) for condition, view, location, site, quality and extras must be fully explained.

The VA trend statement will be placed on the front page of the URAR in the "Neighborhood" section.

All liquidation appraisals must use the VA addendum format as shown in Addenda 1 and 2.

Pools: Describe in detail (length, width, wading or diving) with description of any surrounding deck, concrete apron cabana etc.

Comparable sales data provided by real estate sales personnel or others associated with the transaction should be accepted gratefully and considered. You are not required to utilize this data if you conclude that it is not representative for comparison to the subject property, but you are required to accept the data nicely. This is particularly true with new or proposed construction when the best comparable sales data is sometimes not usable as recorded. **The builder should be contacted and invited to provide sales data**, which must be accompanied by a copy of the HUD-1 and sales contract with all relevant change orders and addenda. Also, **do not ever fail to reconsider a valuation upon request, maintaining a professional demeanor and an open mind!!! Customer service to veterans is essential to VA.**

SECTION A: GENERAL TOPICS

A1. GENERAL INFORMATION

1. APPRAISER AVAILABILITY

VA fee appraisers must be available during normal business hours and return all calls within 24 hours. VA must have on file both your office and cell phone telephone numbers. Notify us promptly by phone and follow-up by email any time you are unavailable due to illness, vacations, or other obligations. Also, notify this office immediately should your street address, fax, email address or office and cell phone telephone numbers change.

If you desire inactive status for a period exceeding 90 days (except health-related), your return to active status will be reviewed in light of current assignment needs.

2. APPRAISAL ASSIGNMENT PROCESS

We are responsible for appraisal assignments, reassignments, appraiser territories and related matters. Assignments are provided on a rotating basis from a roster of Fee Appraisers who have been selected and approved by us. The number of assignments given to you is governed by your ability to complete reports within VA timeliness standards, by the overall quality of the reports submitted, and by the needs of the marketplace.

All assignments are generated by computer, using programming which maintains the rotation and your area(s) of coverage for us. *Call us to reassign any cases where you have a conflict of interest.*

All VA cases are assigned a VA Case Number ("LH number"), whether or not an appraiser is assigned. The case number/LH number must be included in your appraisal report and all other related correspondence.

3. FAX and E-MAIL ASSIGNMENT INFORMATION

VA Form 26-1805-1 can be mailed, faxed or e-mailed to the appraiser. It is **no longer necessary that this form be signed**, but the name of the person authorizing the request should be annotated.

4. TIMELINESS OF REPORTS

We expect you to complete the report within the same time frame as for an equivalent "conventional" appraisal. This is **7 calendar days in most instances** (M-F, excluding holidays) from earliest receipt of the 26-1805 (whether electronically from TAS or faxed). **This applies to all assignments except Master Certificate of Reasonable Value (MCRV or Committee) cases**, in which your timeliness is 21 calendar days in most instances.

If received after 5 PM, the assignment is received the next business day (9 AM next business day). Violation of our timeliness standards result in many suspensions, and will result in the failure to retain probationary appraisers.

If you are unable to complete an assignment within a normal time frame due to access problems, give the reason for the delay in the appraisal report. Other reasons such as "unusual property", "comparable sales hard to find", or "heavy workload" are unacceptable.

A pattern of tardiness (two timeliness violations within any three month period) without proper justification may result in disciplinary action.

5. APPRAISAL REPORT FORMS USED

Effective January 1, 2001 use the following appraisal forms:

- Single-family (not condominium): FNMA 1004 (URAR) Form.
- Condominium: FNMA 1073 Condo Form.
- 2-4 Family: FNMA 1025 Small Income Property Form.
(The supplemental Income/Expense Form is NOT required).

6. FEES, EXPENSES & COLLECTION PROBLEMS

We understand that the fee structure varies slightly from state to state and along the lines of former VARO jurisdiction. We hope to very soon obtain the necessary concurrence in order to form an identical fee structure throughout the four state SDN. Until that time, however, we are bound by the outstanding written policy bulletins. Mileage is not allowable except outside an appraiser's assigned counties.

A. APPRAISAL AND INSPECTION FEES FOR ARKANSAS

1. The following fee schedule will be applicable to all VA appraisal assignments. This fee schedule applies to appraisals on properties in the State of Arkansas and the City of Texarkana in Bowie County, Texas.

a. One to Four Units	
Individual existing and proposed construction	\$300.00
Structures containing two living units	310.00
Structures containing three living units	320.00
Structures containing four living units	330.00
b. Farm residence (with acreage)	
	300.00
c. Assignments covering alteration, improvements or repairs - before and after values required	
	300.00
d. Assignments covering requests for partial release value of the property as a whole, portion to be releases, and remaining portion required	
	300.00

e. Compliance/Repair Inspections	100.00
f. Liquidation appraisals	300.00

On assignments outside of the assigned counties of an appraiser or inspector, 25 cents per mile will be allowable for travel from the base of operations pursuant to Arkansas State Highway map. No mileage shall be allowed for assignments within the appraiser's/inspector's assigned counties.

g. Manufactured Homes	
Existing manufactured home	\$155.00
Inspection of proposed rental site (other than a manufactured home park) or lot owned by the veteran to determine acceptability or an individual manufactured home site.	50.00
Appraisal of a lot and/or site preparation for purpose of determining reasonable value	100.00

Allowance for mileage will be on the same basis as on other assignments.

h. Committee Appraisals	
Each basic plan or type per appraiser assigned	\$ 300.00
Each site or lot	60.00

An elevation that differs from the basic elevation of a plan or type to the extent that a different sales price is required will constitute an additional plan or type for determining the amount of the fee.

i. Condominium Appraisals	
Individual condominiums	\$ 300.00

Committee (existing and proposed) - A one-time condominium master project fee will be assessed the builder/developer on all proposed and existing committee appraisal requests. The computation for committee appraisal fees shall be divided into two steps as shown below, the combination of which shall constitute the "total committee appraisal fee".

Low rise and high rise - The fee for each committee member shall be based on the following:

<u>Number of Units in Projects</u>	<u>Fees Per Member</u>
100 or fewer	\$ 350.00
101 through 500	700.00
501 or more	1,400.00

Horizontal condominiums - The fee for each committee member shall be a flat fee of

\$350.00 regardless of the total number of units in the project. Additionally, the following shall be used for computation of fees for the number of units and plan types:

Per unit - A fee of \$10.00 per unit shall be payable for each unit appraised.

Per plan type - Each committee member shall also receive \$280.00 for each plan type appraised.

2. Mortgagees are reminded that while this office is not involved in the actual billing process, these fees are established as the maximum allowable for VA appraisal. Any deviations from this fee schedule should be brought to the immediate attention of the Construction & Valuation Staff at 713-383-3117.

B. APPRAISAL AND INSPECTION FEES FOR LOUISIANA

The following schedule is the maximum allowed in Louisiana in all cases where VA appraisal requests were assigned to VA appraisers. **NOTE: Regardless of the amount of the maximum fee, appraisers and inspectors must not charge veterans more than they charge other clients for similar services. (RE VAP 26-7, Chapter 10.12)**

Existing Construction Single Family (URAR Fannie Mae Form 1004)	\$325.00
Proposed Construction Single Family (URAR Fannie Mae Form 1004)	350.00
Liquidation Appraisals (URAR Fannie Mae Form 1004)	350.00
Existing Condominium Unit (Fannie Mae Form 1073)	\$375.00
Proposed Condominium Unit (Fannie Mae Form 1073)	400.00
Liquidation Appraisals (Fannie Mae Form 1073)	400.00
Existing Multi Family 2-4 Living Units (Fannie Mae Form 1025)	\$450.00
Proposed Multi Family 2-4 Living Units (Fannie mae Form 1025)	475.00
Liquidation Appraisals (Fannie Mae Form 1025)	475.00
Manufactured Housing (Non Realty) Unit Only	\$150.00
Manufactured Housing (Non Realty) Unit & Lot	190.00
Committee Appraisals - Each Basic Type	\$350.00
Each Lot	20.00
Condominium Committee Project Fees	
Low Rise & High Rise - 100 or Fewer Units	\$ 350.00
101 to 500 Units	600.00
Over 500 Units	1,200.00
Horizontal (Townhome)	250.00
Condominium Committee - Each Plan Type	375.00
Condominium Committee - Each Unit	10.00
Repair Inspection Fee	\$ 100.00
VA Compliance Inspection Fee - New Construction	100.00
Reconsideration of Value Fee*	100.00

*Covers requests when comparable sales provided for review were not available at the time of the initial appraisal of the property.

C. Appraisal and Inspection Fees for Oklahoma

1. The following schedule will be applicable to all requests received by the Department of Veterans Affairs:
 - a. Origination appraisals (individual existing, proposed construction, and manufactured homes on permanent foundation) \$325.00
 - b. Liquidation appraisals \$350.00
 - c. Multi-Family (2-4 living units) \$400.00
 - d. Condominiums (individual/existing) \$400.00
 - e. Partial Release - two values required: Value as a whole portion on "as is" basis and value of remaining portion/security \$400.00
 - f. Mobile Homes \$175.00
 - g. Compliance/repair inspections \$100.00
 - h. Committee appraisals (MCRV):
 - (1) Each basic plan type \$325.00
 - (2) Each lot/unit \$ 30.00
2. An allowance of \$.31 cents per mile for travel required outside the appraiser's assigned counties will be added to the basic fees shown.

D. Appraisal and Inspection Fees for Waco.

1. Appraisal and inspection fees as indicated below are approved for areas under the jurisdiction of the Waco Regional Office.
2. Individual Appraisals:
 - a. Existing origination properties \$325.00
 - b. Proposed origination properties 350.00
 - c. Liquidation appraisals 350.00
 - d. Condominium Units 400.00
 - e. Multi-family:
 - Two-family 400.00
 - Three-family 450.00
 - Four-family 500.00
 - f. Miscellaneous appraisals for partial release and other unique, complex, large acreage, or estate-type property fees will be established by VA upon request.

3. Committee Appraisals (MCRV):
 - a. The fee is computed for each submission on the following basis:

Each basic plan type (proposed)	\$350.00
Each lot/unit	\$ 10.00
 - b. Minimum fee \$500.00
4. Used Manufactured Homes or Sites:

Single-wide units	\$145.00
Double-wide units	\$145.00
Manufactured home site	\$150.00
5. Compliance/Repair inspection fee \$100.00
6. Mileage: No charge for mileage will be added to the above appraisal unless specifically authorized by the Chief of Construction & Valuation Section. Mileage charge may not exceed \$.32 cents a mile when permissible.

E. Appraisal and inspection fees for Houston

1. (These fees apply only to appraisals conducted in the 90 counties served by the Houston Regional Office.)

2. Individual Appraisals:

- a. Existing origination properties \$325.00
- b. Proposed origination properties \$350.00
- c. Liquidation appraisals \$325.00
- d. Condominium Units \$375.00
- e. Multi-family

Two-Family	\$375.00
Three-Family	\$425.00
Four-Family	\$475.00
- f. Miscellaneous appraisals for partial release and other unique, complex, large acreage, or estate-type property fees will be established by the VA upon request.

3. Committee Appraisals (MCRV):

- a. The fee is computed for each submission on the following basis:

Each basic plan type (proposed)	\$350.00
Each lot/unit	\$ 10.00
- b. Minimum fee \$500.00

4. Used Manufactured Homes or Sites:

- | | |
|------------------------|----------|
| Single-wide units | \$145.00 |
| Double-wide units | \$145.00 |
| Manufactured home site | \$150.00 |

5. Compliance/Repair inspection fee \$100.00

6. Mileage: No charge for mileage will be added to the above appraisal unless specifically authorized by the Chief of Construction & Valuation Section. Mileage charge may not exceed \$.315 cents a mile when permissible.

F. PAYMENT OF FEES

Payment is due you once the appraisal and invoice are completed and sent. Invoice payment periods should be 30 days, and we will assist you in collection of fees that are 60 days past due (90 days total).

The VA may allow you to require payment *in advance* of completing an assignment if:

- you have documentation of a regular, ongoing payment problem and
- documentation that the party responsible for payment will not respond

This sanction may be taken only against the offending branch office, and VA should be advised and approve of any action in this regard. Documentation should consist of copies of VA Form 26-1805, and previous correspondence regarding past due accounts, records of telephone calls made and any other information that you deem as supportive evidence. We consider an unpaid bill exceeding 90 days as a problem which would qualify.

A2. APPRAISER CONDUCT

1. GENERAL CONDUCT

As a fee panel appraiser or inspector, you are considered as acting on behalf of the VA. Courteous, professional conduct is expected. There are *no* exceptions.

2. CERTIFICATIONS REGARDING CONFLICTS

You will be required to sign a certification that you have no outside conflicts of interest (or else disclose them to us). We provide the form and keep it on file. Note that *although you may have an outside conflict of interest, this in itself does not eliminate you from VA fee appraisal assignments*. This *does* mean that you should have a case reassigned when a conflict arises! See VA policy below.

3. VA POLICY CONCERNING CONFLICTS OF INTEREST

The following statement of VA policy will provide some examples of conflict of interest and some guidelines for fee personnel:

It is neither the desire nor the intent of VA to interfere in the private lives of Fee Appraisers or Compliance Inspectors or to infringe upon their personal liberties. It is appropriate, however, for VA to require that persons serving as Fee Appraisers and Compliance Inspectors do not engage in private pursuits that conflict with their duties on behalf of the VA. Except as may be otherwise expressly authorized by VA regulations, instructions, or directives, VA requires that, as a condition for appointment and retention on rosters or designated or approved Fee Appraisers and Compliance Inspectors, and particular individual serving in such capacities shall not engage in any private pursuits where there may or will be:

- *Any connection established that may result in a conflict between the private interests of the VA Fee Appraiser or Compliance Inspector and his/her duties and responsibilities to VA and veterans.*
- *Any circumstances wherein information obtained from or through a VA assignment to appraise or to make compliance inspections will be used to the detriment of the Government or veterans.*

Specifically, the foregoing statements of policy and the standards are intended to preclude any Fee Appraiser or Compliance Inspector from:

- *Selling land to a builder or sponsor and then making an appraisal or compliance inspection of a dwelling unit purchased by a veteran with guaranteed, insured, or direct loan.*
- *Owning an interest in, being employed by, or operating an architectural, engineering or land planning firm which renders services to builders or sponsors and later accepting an assignment from VA to appraise or inspect dwelling units built or to be built by a particular builder or sponsor for whom architectural, engineering, or land*

planning services have been rendered by the firm in which the Fee Appraiser or Compliance Inspector has employment or an interest.

- *Appraising or inspecting dwelling units on VA assignments and later accepting exclusive selling rights for the homes.*
- *Appraising or inspecting properties for builders or sponsors who are purchasing hazard insurance or title services with respect to those properties from a company in which the Fee Appraiser or Compliance Inspector has an interest.*
- *Owning an interest in a project developed by a builder and accepting VA appraisal or inspection assignments in another area which the same builder owns, is building, or is handling as real estate broker.*
- *Having an interest in or representing building supply firms and accepting VA assignments on dwelling units built by builders or sponsors who deal extensively with such supply firms.*
- *Accepting a VA assignment to appraise property if the fee is contingent upon supporting a predetermined conclusion.*

The above examples are certainly not all the examples of a conflict, but they do illustrate some obvious conflicts of interest.

You are not permitted to act as sales agent or listing broker in connection with a property you are assigned to appraise. If you receive an appraisal or inspection request related to VA financing on such a property, you must immediately contact VA at (713) 794-3607 and request a reassignment.

Notify us immediately if you are elected or appointed to public office, or if affiliated with any new lender, builder, or realty firm; or if you have a financial interest in the property to be appraised.

4. USE OF ASSOCIATE APPRAISERS

You may obtain assistance in the gathering of field data, such as researching courthouse records, verifying market information and assembling the report; however, YOU are personally responsible for all information in the report. *You must personally inspect the property inside and out, and inspect at least the exterior of each comparable sale used. You must also select and analyze the comparable sales and determine the final value estimate.*

We will allow an assistant to document qualifying experience for future licensing and certification purposes; however, *you must sign the appraisal report as the appraiser.*

If we find that someone other than you completed the appraisal, then you are subject to disciplinary action by us which can include removal from the fee panel.

5. DIVULGING INFORMATION FROM THE APPRAISAL REPORT

Generally, you must discuss your report with any employee of the VA Regional Loan Center, the local VA Regional Office, a LAPP Staff Appraisal Reviewer (SAR), our vendee appraisal reviewer (Countrywide) or a SLMP loan servicer (see Sections A5-A7). You are not required to discuss valuation issues with real estate brokers and agents, buyers or property owners, but are not precluded from doing so to maintain effective relations.

Under the Freedom of Information Act, any VA appraisal report will be made available to any party upon written request sent directly to us. You may provide copies to any interested party unless a violation of USPAP.

A3. ELIGIBLE PROPERTIES - TYPES

Most 1-4 family properties are eligible for VA appraisal. They fall into one of the following three category types:

1. EXISTING CONSTRUCTION

These are 1-4 family dwellings for which the improvements have been completed for at least one year, or completed less than one year *and* previously owner-occupied.

Appraisals are based upon an inspection of the dwelling, either “As-Is” or “Subject To” completion (of VA MPR repair items).

If extensive remodeling is to be done, then you may request additional information (See Section C6 - Renovations).

2. NEW CONSTRUCTION (Appraised as Existing)

These are 1-4 family dwellings less than one year old *and* never owner-occupied, and complete to *at least* the Customer Preference stage. Customer Preference items (such as carpet, appliances and some trim items) are typically selected by the purchaser.

Do not mark these appraisals as “subject to completion per plans /specs” If work is to be completed the appraisal should be marked “as repaired”.

All exterior work should be complete except for cold weather-related delays *only* (such as incomplete exterior painting and landscaping.)

These properties are appraised based upon inspection of the dwelling, either “As-Is” or “Subject To” completion of the remaining Customer Preference items.

If you inspect the property and determine that it has not yet reached the Customer Preference stage, then the property is not eligible for appraisal. Notify the lender that the dwelling is not to the customer preference stage and why. Ask that they inform you when the dwelling reaches this stage of completion. *You may bill the lender for an inspection fee.* You may delay your report for 30 days without further approval from VA, be sure to properly document your appraisal report concerning the delay.

3. PROPOSED CONSTRUCTION

1-4 family dwellings where construction has not started, or under construction. If ordered proposed, the appraisal can be done even if the house is complete.

Plans and Specifications are used to establish the value (see Section C3).

4. PUD's and CONDOMINIUM's

Condominiums require VA (or FHA) approval *prior* to Loan Guaranty. PUD's *do not*.

Always report mandatory HOA fees that are lien supported.

The PUD section will be completed by VA fee appraisers, as appropriate. In general, a PUD is a project (or subdivision) that includes common property and improvements that are owned and maintained by an owners' association for the use and benefit of the individual units in the project (or subdivision). A project (or subdivision) is classified as a PUD if each individual unit owner is automatically a mandatory member of the owners association and is obligated to pay mandatory assessments. (Zoning is not considered to be a basis for classifying a project or subdivision as a PUD.)

A4. MINIMUM PROPERTY REQUIREMENTS (MPR'S)

1. PROPERTY CONSTRAINTS and PERSPECTIVE

VA has no specific property constraints regarding dwelling size, room counts, quality of construction or repair of specific code violations.

In Existing and New Construction the primary objective is that the property be Safe, Sound and Sanitary, and meet the livability requirements necessary for the market area where it is located.

In Proposed Construction the objective is to ensure that the dwelling is constructed according to applicable building codes, Federal regulations and HUD guidelines.

MPR's include both requirements and guidelines. Guidelines can be interpreted differently from one area to another. For example, a good supply of water for a rural property may be a private well, but a city property should have public water.

A property is not eligible for appraisal unless there is a reasonable likelihood that it can meet VA Minimum Property Requirements. If you inspect a property (or review plans) and determine otherwise then provide recommendations for correction. Notify all parties of these violations.

2. MPR's for EXISTING and NEW CONSTRUCTION

a. Property Access

- **Access to the Site:** Each property must have access from a public or private street. The street must have an all-weather surface.

Private streets must be protected by permanent easement and maintained by an HOA or joint maintenance agreement.

- **Access to the Unit and Rear Yard:** The unit must have access without passing through another unit. Each living unit must be able to be used and maintained individually without trespass upon adjoining properties. Required easements must run with the land.

Rear yard must have access without passing through any other living unit. For a row-type dwelling, the access may be by means of alley, easement, passage through the dwelling, or other acceptable means.

- **Access for Wall Maintenance:** There must be adequate space between buildings to permit maintenance of the exterior walls.

b. Property Characteristics

- **Entity:** The property must be a single, readily marketable real estate entity.
- **Use:** The use must be primarily residential. If a portion of the property has non-residential use, it must not impair the residential character of the property or exceed 25% of the total gross floor area. Provide total square feet of commercial use and total square feet of residential use.
- **Living Area and Facilities:** Each unit must have sanitary facilities and enough space to assure suitable living, sleeping, cooking and dining.

Laundry, storage, heating and other facilities may be shared in 2-4 unit buildings.

- **Utilities:** Utilities (water, sewer, gas, electricity) must be independent for each unit. Several units under one ownership may share utilities if there are separate shutoffs.

Individual utilities must not cross another unit unless there is permanent legal right of access for repair and maintenance.

Units under separate ownership may share common utilities (such as shared well) provided that the connections are protected by easement or covenant and (that) there is an acceptable maintenance agreement.

- **Mechanical Systems:** Mechanical systems must be safe to operate, be protected from destructive elements, be of adequate capacity and quality, and have reasonable future utility.
- **Heat:** Heat must be adequate for healthful and comfortable living conditions. If wood-burning stove is primary heat source then there must also be a conventional system that will maintain at least a 50 degree temperature in the plumbing areas.

If Solar system is primary heat/hot water source then there must be a “backup”

system which will provide equivalent (100%) utility.

- **Electricity:** Each unit must have adequate electricity for lighting and necessary equipment.
- **Water and Wells:** Each unit must have a continuing supply of potable (drinkable) water along with domestic hot water. Connection to public water is required whenever feasible.

Water quality from an individual water supply must meet the requirements of the local health authority. If no local health authority then EPA guidelines apply. Water must be potable from the source, independent of any individual treatment system.

A shared well must be capable of producing adequate water for each property simultaneously. There must be a permanent easement to allow access for maintenance and repair. There must be a recorded well-sharing agreement which provides for repair and maintenance of the system.

A Community Well must be sufficient for the project and water quality must be approved by local or State Health Officials.

Health department approved cisterns will be accepted when public water is not available and when safe, potable water cannot be obtained from drilled wells.

- **Sanitary Facilities, Sewage and Septic:** Each unit must have sanitary facilities and a safe method of sewage disposal. Connection to public sewer is required whenever feasible.

Individual and Community sewage disposal systems must operate properly.

Pit privies are permitted where they are customary *and* are the only feasible means of disposal. They must be installed in a manner recommended by the local health authority. If there are no local health authority requirements then U.S. Public Health Service requirements apply.

- **Roof:** The roof must prevent the entrance of moisture and have at least three years remaining useful life. All old shingles must be removed if a defective roof has two or more layers.
- **Ventilation:** There must be sufficient natural ventilation in areas such as attics and crawl spaces to minimize the effects of excess heat and moisture.
- **Crawl Space:** The crawl space must have adequate access, be properly vented and clear of all debris. Excessive dampness or ponding of water must be corrected.

Floor joists must be high enough to allow access for maintenance and repairs of ductwork and plumbing.

- **Party Walls:** A party wall constructed at the property line must extend the full height of the building (foundation to roof ridge). The wall may separate semi-detached or row units.

c. Defective Conditions

- **Site:** The site must be properly graded to provide positive drainage (away from the dwelling), and to prevent water from ponding. Ground cover must be stabilized to prevent erosion.
- **Improvements:** Any condition impairing the safety, sanitation or structural soundness of the property must be corrected so that the probability of further damage is eliminated.

Some of these conditions include defective construction, poor workmanship, evidence of continuing settlement, excessive dampness, leakage, decay and termites.

Specific examples of common problems include rotted exterior wood trim, peeling paint, roof leaks, broken windows, plumbing leaks and exposed electric wiring.

Other examples include damage caused by infestation, fungus growth or dry rot.

- **Lead-Based and Defective Paint:**

Defective paint (cracking, scaling, peeling, chipping or loose) on homes built prior to 1978 will be considered lead based and must be corrected. Defective paint on homes built after 1978 should be corrected only if this poses a threat to the security of the improvements.

d. Other Hazards

- **Onsite:** The property must be free of hazards (such as subsidence or flood or erosion problems) which may adversely affect the health and safety of the occupants, the structural soundness of the improvements, or which may impair the customary use and enjoyment of the property by the occupants.
- **Offsite:** *High Voltage Electric Transmission Lines and Gas and Petroleum Pipelines:* The dwelling structure must be located outside of the easement area(s). Other onsite improvements can be located in the easement area(s), but cannot be awarded value.

If a Proposed Construction Dwelling is located outside the Pipeline easement but less than 220 yards away from the centerline, additional conditions apply.

3. MPR's for PROPOSED CONSTRUCTION

a. Building Codes

All State, County or Local Building Codes apply. If there are none, then VA MPR's are the applicable provisions of the current International Residential Code, One and Two Family Dwelling Code. The 1992 CABO Model Energy Code applies either way.

b. Federal Regulations

The *Construction Requirements* in 24 Code of Federal Regulations (CFR) 200.926d apply.

If no local building code(s) then the applicable provisions of the current International Residential Code, One and Two Family Dwelling Code also applies.

c. HUD Guidelines

Standards and practices as recommended in HUD Land Planning Handbooks 4140.1, 4140.2 and 4140.3 apply.

Suitable construction methods and materials as referenced in HUD engineering bulletins also apply.

A5. LENDER APPRAISAL PROCESSING PROGRAM (LAPP)

1. THE LAPP PROGRAM

In certain cases involving origination loans the lender has been delegated the authority to review appraisal reports and determine the reasonable value of properties for VA. These cases are processed under the Lender Appraisal Processing Program (LAPP).

To determine if you have received a VA LAPP case, look for the word "LAPP" next to the VA case number in the upper right section of the Appraisal Request form (VA FORM 26-1805).

2. ELIGIBLE PROPERTIES UNDER LAPP

All individual properties eligible for VA appraisal and VA financing may be processed by LAPP underwriters. This includes 1-4 family, condo's, manufactured (mobile) homes and modular housing. Construction may be existing, new or proposed.

The only exceptions are requests for a Master Certificate of Reasonable Value (MCRV), which are still processed and issued by this office, liquidation and partial releases.

3. APPRAISER/LENDER COOPERATION

The LAPP program works the same as for Conventional appraisals.

LAPP Staff Appraisal Reviewers (SAR's) should contact you directly when they need clarification, correction, or additional value support. If you are contacted by someone else concerning the appraisal, refer them to the SAR.

If the SAR still has concerns about the appraisal after contacting you, they will usually contact us next. We will attempt to resolve any issues in the report. In some instances we may request additional information from you.

Both appraisers and SAR's should conduct themselves in a businesslike, ethical, and professional manner. Failure by either party to do so may lead to administrative sanctions by us.

4. CHANGE OF VALUE under LAPP

At the same time the notice of value is issued, the lender's staff appraisal reviewer (SAR) may issue a NOV that is up to 5 percent above or below the fee appraiser's value estimate provided the adjustment is clearly warranted and fully supported by:

- The real estate market, or
- Other valid data considered adequate and reasonable by professional appraisal standards.

Any change in the fee appraiser's value estimate, whether made by VA staff or the SAR, must be clearly warranted and fully documented.

A6. SERVICER'S LOSS MITIGATION PROGRAM (SLMP)

1. SLMP and the SERVICER'S ROLE

The Servicer's Loss Mitigation Program (SLMP) allows some loan servicers to provide additional loan servicing on behalf of VA for delinquent loans. The SLMP program emphasizes early intervention by the loan servicer to try to prevent a foreclosure from taking place. Depending upon the outcome of the process the loan servicer either collects a fee or files a claim through VA.

2. APPRAISAL REQUESTS

The Appraisal Request form (26-1805) should indicate "SLMP". SLMP appraisal requests may also (but not always) indicate that the lender/servicer is processing a VA Refunding, a Compromise Sale, or a Deed-in-Lieu of Foreclosure.

3. APPRAISAL PROCEDURES

Follow the guidelines for a Liquidation Appraisal report (see Section C4). **The fee appraiser must gain access to all SLMP appraisal request cases, no exceptions.**

Send the report directly to the requester in accordance with the instructions on Sending the Appraisal Report (see Section B2, para 2. Liquidation Requests).

A7. VA PORTFOLIO LOANS

1. VA IS THE LENDER

A portfolio loan is one where VA is the lender (“vendee”). We provide vendee financing for some of our foreclosure sales. We also provide vendee financing when we refund a lender (pay the private lender off and become the lender for the Veteran). In a refunding, VA readjusts the loan to terms more favorable to the Veteran.

2. THE APPRAISAL REQUEST

Appraisal requests will show the lender as the VA. The appraisal request will show the letters “LPL” in the upper right hand corner of the form, next to the VA Case number.

This is a foreclosure appraisal request. The loan is now in default.

3. APPRAISAL PROCEDURES

Follow the guidelines for a Liquidation Appraisal report (see Section C4).

Use the guidelines for Sending the Report (see Section B2, para 2. Liquidation Requests).

SECTION B:

APPRAISAL/INSPECTION GUIDELINES

B1. GENERAL APPRAISAL STANDARDS

1. DEFINITION OF VALUE

The definition of value used by VA is *"That figure which represents the amount a reputable qualified appraiser, unaffected by personal interest, bias or prejudice, would recommend to a prospective purchaser as a proper price or cost in the light of prevailing conditions"*. VA considers reasonable value and market value to be synonymous.

The VA definition of market value is consistent with that used by Fannie Mae (FNMA), Freddie Mac (FHLMC) and the major appraisal organizations. That definition directs appraisers to *"determine the most probable price which a property should bring, or for which the appraised property should sell in a competitive market, under all conditions requisite to a fair sale, with the buyer and seller acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus"*.

2. VA APPRAISAL STANDARDS

The appraisal should be completed in accordance with all current USPAP standards, using the correct appraisal form. The appraisal report may be either a Self-Contained or a Summary report. Additional VA report requirements are given below.

3. USE OF APPRAISAL SOFTWARE

We will accept software-generated appraisal forms that increase sections of the form to allow for expanded narrative comments. The expansion must leave the Sales Comparison Section intact (not separated across pages) and the sequence of information must remain in the same order.

B2. GETTING AN ASSIGNMENT

1. ORIGATION LOAN REQUESTS

Timeliness for all VA appraisal assignments is seven calendar days. For origination (new loan) cases a completed VA Form 26-1805, (Appraisal Request Form) and ratified sales contract (if purchase) are forwarded directly to you from the lender/sponsor upon assignment. These assignments are processed as either "regular VA" or as Lender Appraisal Processing Program (LAPP) cases. LAPP cases will denote "LAPP" in front of the case number. You may use the sales contract to visualize the incomplete features, since no exhibits will be provided.

Proposed Construction cases must include a set of all necessary plans, specifications and other exhibits necessary to complete the appraisal (see Section C3).

2. LIQUIDATION REQUESTS

Liquidation appraisal requests should specify "LGI" or "LPL" in the upper right section of the request form. SLMP cases are always liquidation appraisals. (See Sections A9, C4)

When VA is the lender (the "Vendee"), the appraisal report will be provided directly to Countrywide Home Loans. Please upload the report to E-Appraisal, and email a copy of it to the email address of the requestor.

For condominium liquidation reports, you only need the Appraisal Request.

3. INSPECTION REQUESTS

These Inspection Requests pertain only to repairs on existing or new existing properties. Obtain, from the lender, a copy of the Notification of Value Letter (NOV) from the lender. *You should be identified as the inspector on the form.* The NOV letter can be used as authorization for billing purposes.

The repairs may have been changed somewhat from what you specified in your appraisal report. This is because the repairs were amended, clarified or considered as unnecessary (not VA MPR) by the underwriter. Inspect the repairs as given. If you have questions or concerns then contact us or the LAPP underwriter.

4. CANCELLATION POLICES

Fee appraisers will cancel any assignment (originations and liquidations also) in which the VA 26-1805 has not been received by the fee appraiser within 7 calendar days of the date assignment reflected by TAS. This cancellation will be communicated to VA by email to lgyhurar@vba.va.gov. The fee appraiser should briefly describe the reasons for cancellation. You will receive make up assignments when cases are cancelled (and only when they are cancelled).

But this should not be confused with cancellations after the request has been received by the fee appraiser. And certain questions always arise: What if the 1805 does not contain sufficient info to proceed with the appraisal (legal, address, contact point for entry), or contains incorrect data which I must have? What if I cannot obtain a copy of the sales contract? What if the broker or seller is out of town? What if the requestor has owed me money for over 60 days (minimum, and it must be the same branch office) on another case, and I have delayed this case after advising them payment in advance is required? What if I cannot obtain certified plans and specs for a proposed case? What if the subject builder or realtor wishes to submit comparables or contracts (and they should always be invited to do so), but has delayed furnishing the require docs? What if the seller wishes to delay the appraisal for repairs? Etc.

Fee appraisers will cancel any assignment (in which the 26-1805 has been received timely but) in which *necessary* additional data is required to proceed with the assignment, when such data has not been received within 7 calendar days of receipt of the 26-1805. Appraisers should not make a trip, run comps or do anything else until all required assignment info is received. In such cases the fee appraiser must first

contact the requestor and advise them of the info necessary, which means **the fee appraiser must review the 26-1805 and request needed info the first day of receipt** in order to provide a reasonable period for response before cancellation. **These cancellations will be communicated to the lender (requestor) and to VA as above (email lgyhurar@vba.va.gov) by the appraiser.** Appraisers may request VA extensions of the 7 days by email *if the situation warrants*, and VA will generally grant extensions of 3 days upon request. **When canceling, appraisers must advise VA of the names of parties contacted, the data which was not provided and the dates of contact.**

Delays resulting from any reason for cases which are not cancelled (partial delays resulting from the above but short of cancellation, or otherwise) must be fully documented on the URAR, in the item containing the REL to the right of the cost approach section. Appraiser timeliness does not begin until all necessary info is received, but may not delay timeliness for reasons which is not essential. Failure to document will be considered the equivalent of a timeliness violation, and **two of either violations within any three month period will constitute grounds for an administrative sanction.**

New existing properties which are requested as complete to the customer preference stage, but which are not completed to that stage at the time of inspection (items which may remain incomplete-carpet, padding, appliances, lighting fixtures, minor touch up painting or finish items, exterior A/C units-basically items which may be easily stolen and do not require extensive construction to install, the quality of these items may be visualized by the sales contract, or plans and specs when voluntarily made available). When such dwellings are not to the stage of eligibility, the fee appraiser should photograph the interior (to prove his/her point), then contact the requestor, advising them only that the dwelling is not ready and to contact him when it is ready for appraisal. **The fee appraiser may charge an additional \$100 inspection fee (max), and automatically extend the assignment for up to 30 days.** If still incomplete after 30 days (only), contact the VA office by email (lgyhurar@vba.va.gov), and we may further extend timeliness.

Vacant liquidations. Absentee owners do not constitute vacant dwellings, and if furniture or personal property, for sale signs, tenants, storage, etc. is present, and the appraiser cannot obtain entry, a drive by should be performed after meeting our manual requirements for entry contacts. **But if truly vacant, the appraiser must contact the requestor and require their assistance in entry. These cases will not be cancelled, and may remain pending for some time. The fee appraiser must also immediately email VA (title vacant LIQ to lgyhurar@vba.va.gov) and explain the situation, advising VA of the parties contacted for entry. The appraiser must contact the requestor no less than each 30 days afterward, and VA must be updated at 30 day intervals. Otherwise, VA will be obligated to pay mortgage interest payments to the servicer, and the fee appraiser will be held responsible.**

Of course, a delay of two working days is also permissible in conjunction with your requirement to notify the requester when an appraised value is below the sales price prior to completing and submitting your report. See Section B7. "Requirements if Appraised Value is Below Sales Price." If this procedure is followed, the Point of Contact (POC) of the requester has two additional business days to submit additional data, and it is reasonable to permit the fee appraiser additional time to evaluate this data, complete a

field review if necessary, etc. So we will permit the fee appraiser an additional three days when necessary once this data is received from the POC, and the URAR must be fully documented (five additional days in aggregate).

B3. PREPARING THE APPRAISAL REPORT

1. FILE NUMBER & VA AS LENDER CLIENT ON THE URAR

Put the VA case number (LH number) from the appraisal request form onto the upper right corner of the appraisal form and on all addendums. Place the VA case number directly above the "File No." space on the front page if you use a separate file number.

- **Insert "DEPARTMENT OF VETERANS AFFAIRS" after lender/client on the URAR on all VA case assignments.**
- **Identify the type of intended user by insertitng "Intended User-Any VA Approved Lender" on the lender/client line following "Address"**

2. NEIGHBORHOOD SECTION

Review and analyze competitive offerings (listings) and/or pending sales, to determine if market conditions are changing significantly. Such changes include:

- a change to an oversupply or shortage of housing stock, or
- marketing times which have increased or decreased significantly, or
- changes in employment stability, or
- significant increases in sales or financing concessions by sellers.

Time adjustments are OK when appropriate, however, you should not have to use time adjustments very often if recently sold comparables are available and used. If you do use time adjustments you must include a brief explanation on the appraisal of the basis for the time adjustment. In some cases you may even be able to use published MLS trend data to back up your time adjustment. In all cases, you should be able to back up the time adjustment with documentation in your field notes, which is in conformance with USPAP requirements.

If your market analysis indicates no significant changes, then the formal (written) analysis of listings and/or pending sales does not need to be submitted. Instead, provide the following certification in the Neighborhood section of the form which states:

"I have considered relevant competitive listings and/or contract offerings in the performance of this appraisal. Any trend indicated by that data is supported by the listing/offering information included in this report".

3. MARKET CONDITIONS SECTION

There are three specific topics which you must address in the market conditions subsection.

- **Sales or Marketing concessions:** Discuss and note their impact on prices, if any (example: "sellers typically pay 2-3 points and small portion of buyers settlement costs with no value impact").

Note that builders typically offer financing and other incentives not readily available to purchasers of resale properties. Examples include interest rate buydowns, miscellaneous giveaways, inclusion of non realty items into the transaction, payment of buyer's closing costs, loan discount points and origination fees. Review the financing programs of other builders to determine typical vs. excessive financing and sales concessions. Comparable sales should be adjusted for excessive concessions.

- **Sale price/list price ratio:** Provide an estimate or statistics from available data sources. A range is acceptable (example: "MLS data indicates properties typically sell at 95-98% of list price").
- **Marketing Time:** Discuss whether typical marketing time is increasing, decreasing or stable. If marketing time is increasing or decreasing, then indicate to what extent (example: "in the last six months the listing period has decreased from 180 days to 90 days").

4. SITE SECTION

- **Water and Sewer:** For private wells, report if the well is shared or located off of the subject site. On new construction note if the well is new or existing. For individual septic systems, note ANY signs of malfunction.

For properties having private well and septic, *note if public utilities appear to be available to the site.*

You must also distinguish between public systems and community systems on your report.

- **Streets and Drives:** Note whether the street is public or private, and whether the service drive is private or shared.
- **Flood Zones:** (See Section C6 - Flood Zones)
- **Noise Zones:** Indicate noise zone and DNL. If not in noise zone, so state.

5. COST APPROACH SECTION

The Cost Approach is not required unless unusual circumstances dictate (such as total absence of comparable sales or a very unique property). The market typically does not

use the Cost Approach as a basis to buy and sell residential properties. Accordingly, there is also no minimum or maximum land-to-value ratio. Do provide:

- **Gross Living Area:** Show GLA calculations unless they are elsewhere in the report.
- **Remaining Economic Life:** Provide an estimate of the maximum Remaining Economic Life (REL) of the improvements. A range (such as 45-50 years) is acceptable. If the maximum estimate is less than 30 years then explain why. *The loan term is adjusted to the REL if less than 30 years.*

6. SALES COMPARISON ANALYSIS SECTION

- **Selection of Comparable Data:** *All comparable sales must be closed,settled sales.*

In verifying sales you may use a single source if the data is actually confirmed or verified through closed or settled transactions. If your data source does not confirm or verify the sales data then use additional sources to obtain verification.

Explain the use of comparable sales located outside of what would be considered the subject's market area. Include *additional* sales data and/or supplemental narrative comments when the sales data does not lend itself to typical comparison.

Explain the use of comparable sales over twelve months old. In normal markets, it is probable that sales over three to six months old would be considered as outdated and you should comment accordingly.

A "mix" of VA, FHA and Conventional sales is encouraged whenever possible (but not required). Do not use terms such as "typical". Describe the comparability to the degree possible.

Proximity of the comparable sales should be given as *distance and direction* (e.g. 3 blocks east or 5 miles northwest) and/or a suitable map reference.

- **Adjustments:** All adjustments must be based upon market reaction.

Explain time adjustments _

— Explain or clarify financing adjustments.

For new housing, if you adjust for options they must have been personally confirmed by a review of the closing documents. Although VA does not require submission of these documents, you must retain sufficient documentation to support your appraisal.

There is no VA requirement for maximum gross or net adjustments. However, explain large overall adjustments and why the choice of comparable sales.

- **Estimating a Value:** Estimate a value estimate from *within* the range of indicated values provided by the analysis of the comparable sales if no other approaches to value are employed.

7. RECONCILIATION SECTION

- **Final Value Estimate:** Rely on the value selected from the Direct Sales Comparison Approach except in very unusual circumstances.

Any finding by us that your analysis is not based upon recognized appraisal practices, and was intended to "meet" or "accommodate" the sales price will cause the report to be unacceptable, and you will be subject to disciplinary action.

- **Conditions of Appraisal:** For Origination appraisals completed "Subject to" MPR items, the "Conditions of Appraisal" line should state "Subject to the MPR repairs noted in the Comments Section of the report".

Note: Foreclosure/Liquidation reports are always completed "as-is", even if repairs are needed.

- **Requirements if Appraised Value is Below Sales Price:**

On assignments in which the appraised value is below the sales price, you must complete the following steps prior to completing and submitting your report.

Notify the Point of Contact: If the requester, on the appraisal request form (VAF 26-1805, Request for Determination of Reasonable Value), has provided specific Point of Contact (POC) information, VA fee appraisers are required to notify the listed POC when it appears that the appraised value will come in below the sales price of the subject property. The requestor may designate whomever they feel is most appropriate as the POC including the Realtor, Loan Officer/Originator, etc. If this information is not provided, the appraiser will be required to call the appraisal requestor shown on the appraisal request to make such notification.

(Since there is currently no field for POC information in The Appraisal System (TAS) request screen the lender will enter the specific contact information in field #30, Comments on Special Assessments or Homeowner's Association Charges. The information should read: POC for Appraisal Issues is: (ex. John Doe, (800) 123-4567, JDOE@XYZ.COM).

The appraiser will not be at liberty to discuss the contents of the appraisal with the POC at this point beyond explaining that they are calling for whatever additional information the POC may be able to provide. We expect full cooperation between the fee appraiser and the specified POC or lender.

Once the fee appraiser has notified the lender or POC, they will have 2 working days to provide additional information to the fee appraiser, in a format similar to the comparable sales grid on the URAR. Verification that the sale actually closed is also required. If pending sales contracts are submitted to support a time adjustment, they must be complete with all contract addendums attached. In addition, there should be a brief narrative attached that describes the similarities/differences between the pending sale and the subject property.

After receipt of any additional information, the appraiser will complete the appraisal report indicating that this process was utilized. If the information provided to the appraiser does not result in an increase in value that meets or exceeds the sales price, the appraiser will report on an addendum the following information:

- Who provided the information,

- what information was provided, and
- why it did not change the opinion of value.

In either situation, the appraiser will include a comment regarding the amount of time this process added to the overall appraisal delivery. VA and Lender Staff Appraisal Reviewers (SARs) will monitor this factor and determine if reasonable timeliness was adhered to.

Fee Appraiser Responsiveness to Program Participants. VA fee appraisers are expected to represent the Department of Veterans Affairs in a manner that reflects professionalism and is oriented toward customer service. VA fee appraisers are expected to provide a status report on anticipated delivery date of their work when requested by any legitimate party to the transaction: i.e., lender, realtor, buyer/seller.

However, fee appraisers are not required to defend or discuss their reports with all members of the public. Questions on the content of an appraisal report should be directed to either the VA RLC of jurisdiction or the Lender's SAR.

8. SIGNATURE SECTION and DATE OF RECEIPT

You must sign the report as the Appraiser, not as Review Appraiser. *Place the date you received the appraisal and the date mailed in the "Comments on Cost Approach" section at the top of page two of the URAR.*

B4. APPRAISAL REQUIREMENTS FOR MPR's

1. OVERVIEW

Recommend only those repairs needed to make the property conform to VA Minimum Property Requirements (MPR's). Cosmetic repairs are not required, so consider them in the overall condition rating and valuation of the property. (For cosmetic repairs specified in a purchase contract, see Section C6 - Contract Repairs).

In *Existing Construction*, typical MPR repairs are for maintenance needed to prevent "continued deterioration of the improvements", such as deteriorated exterior walls and trim, roof leaks, and exterior painting.

A property is ineligible for appraisal (for new VA loan) if you consider the repairs to be so extensive that the property likely cannot be corrected to meet MPR's. Call us for guidance when necessary; you may be instructed to reject the property.

REPORTING MPR ITEMS

List each repair or completion item in the appraisal report along with an estimated cost to complete that item. Be as specific as possible so that repairs (and repair costs) reflect only the work that is needed. Explain the reason for any repairs that are not obvious.

VA does not require an existing property to meet local code requirements unless any specific repair item constitutes a violation of VA Minimum Property requirements, and repairs should not be listed *solely* because of local code violations.

However, if a specific situation creates an unsafe, unsound or unsanitary condition, it must be addressed.

Sometimes a problem is evident but the cause is not, or is beyond your expertise. Examples include wet basements and roofing/plumbing/heating/electrical problems which may have several possible causes. You should describe the problem and require that it be corrected.

Do not routinely request systems checks. However, since origination appraisals are completed "as repaired," it would be impossible to identify such necessary repair items when systems are off. Therefore you should require systems checks when the utilities are turned off during your inspection.

This will not apply to new dwellings, in which the equipment may be reasonably assumed in good working order. Nor will this apply to liquidation appraisals which are different since they are appraised "as-is," and there will be nobody to turn on the utilities, or to repair them if needed, so this requirement is only for origination appraisals.

For serious functional or structural problems such as foundation settlement or wall cracks that appear to need correction, recommend a structural engineer inspection and report which addresses the specific problem.

If final sitework for a new house is incomplete, require specifically that the builder "stabilize the ground cover". Stabilizing the ground cover means that upon completion of all sitework, there will be proper drainage and no areas of erosion or ponding. Usually this is completed by grading and seeding. In some cases this is insufficient (due to severe slopes or poor soil conditions) and grass or sod is needed. If you reinspect the sitework, consider each site individually. Counties within the WACO Regional Office Jurisdiction Area are exempt from the requirement for stabilizing ground cover.

B5. DEFECTIVE PAINT REPAIRS

1. DEFINITIONS

"Lead-based paint" means any paint or other similar surface coating material containing lead or lead compounds which exceeds the percentage of lead by weight permitted by law.

A "Defective paint condition" is any paint on any surface (inside or out) which is cracking, scaling, chipping, peeling, or loose.

A "defective paint condition" is considered as consisting of lead-based paint on all homes built prior to 1978. Since we usually do not require testing of the paint, the defective condition is considered as an MPR repair item and must be corrected.

2. REPAIR OF DEFECTIVE PAINT

Require that the surface be properly prepared, and then repainted with two coats of a suitable nonleaded paint. All work performed to correct defective paint surfaces on

houses built prior to 1978 should be done in accordance with all applicable codes and laws regarding the correction of lead base paint.

Include a cost estimate to do the work.

If the remaining existing paint integrity cannot be maintained after preparation, then the paint must be completely removed (or the surface recovered with a suitable material such as gypsum wallboard, plywood, or plaster) before any more refinish work is done.

Include a cost estimate for the repair(s).

B6. APPRAISAL EXHIBITS and COPIES

1. PHOTOGRAPHS

Each appraisal report requires:

- one set of original photographs of the subject property showing a front and back view (preferably including a different side view in each photograph), photos of all major improvements and the street scene, and
- one set of original photographs of each comparable. Only a front view of the comparables is required.

There are two alternatives to submitting original photographs:

- Computer-generated pictures are acceptable, if they are of comparable quality to original photographs.
- Copies of listing service or advertising pictures are acceptable for the comparables, but **not** the subject, if they clearly depict the property.

2. LOCATION MAP

Include the location of the subject property, the comparable sales, and the comparable listings (if applicable). Your map (s) should be sufficient to allow the reader/reviewer to get to all the properties *without additional assistance*. Always use the most detailed maps available, such as key maps, city maps or others of sufficient detail when possible. For rural properties, county maps are acceptable. Show the proximity of significant positive or negative factors. If an adequate map cannot be obtained, provide narrative directions to subject and comparables.

3. IMPROVEMENTS SKETCH

The sketch should show at least the perimeter of the dwelling and measurements for each side. If the upper level is different from the first level then draw it separately with measurements. If there is functional obsolescence from the floor plan, then include the layout in the sketch.

4. CERTIFICATION STATEMENT

Include a completed Certification Statement (FNMA Form 1004B) with each report.

Additional Certifications which are required State law or by an appraisal organization which you belong to are also acceptable, provided that they do not conflict with any VA policy.

B7. PREPARING A REPAIR INSPECTION REPORT

Timeliness for repair inspections is three (3) business days. Obtain a copy of the NOV Letter from the lender to determine the items to be inspected. *Do not use your appraisal.* In some cases repair items are modified by us (or the LAPP lender) to better reflect how the repairs or completion items should be treated. Contact us and/or the LAPP lender if you have a concern about the required repairs.

All Inspection reports should be completed using your own letterhead. The format will typically indicate that all (or some but not all) repairs or completion items are satisfactorily completed. You may charge for any additional inspections requested.

In the event you are approved for hold status and will be unavailable to perform repair inspections, you should arrange to have another VA appraiser to substitute for you if possible (and vice versa). A message should be left for requesters (by recorder, etc.) informing them of the third party with contact information.

B8. SENDING THE APPRAISAL/INSPECTION REPORT

All appraisals must be in Adobe Acrobat PDF Format and must be submitted as full and complete appraisal reports, and must be electronically submitted to VA's centralized website through the E-Appraisal application on the Veterans Information Portal (VIP). The Portal web site is <http://vip.vba.va.gov> and E-Appraisals is located under "Applications". A complete users guide for E-Appraisals is also available on VIP under the E-Appraisals Application "Help" button.

E-Appraisal will send an email to the requester that the appraisal report has been uploaded, however, please cooperate with any requestor who also asks you to email a copy of your report directly to them in addition to uploading it to E-Appraisal.

If for any reason, you are unsuccessful in uploading the report to E-Appraisal, please immediately email it directly to the requestor, with a copy to the Houston Regional Loan Center, and to the VA Regional Office in your area. Then contact the Houston Regional Loan Center at 1-888-232-2571x3117 for assistance.

In the rare instance in which you are assigned a SLMP case, please be sure to note that it is "SLMP" on page one of the URAR. (See Section A6 for more information on SLMP cases).

EXCEPTION: Those Fee Appraisers who do a yearly average of fewer than 12 appraisals for VA will not be required (but are encouraged) to use E-Commerce to transmit their appraisal reports. Appraisers must apply to the Valuation Officer of the Regional Loan Center for this exception. **APPRAISERS WHO DO NOT PARTICIPATE IN ECOMMERCE AND ARE GRANTED THIS EXCEPTION MUST USE AN OVERNIGHT SERVICE TO DELIVER THEIR APPRAISAL REPORTS TO THE ISSUING PARTY. COPIES MAY BE SENT BY REGULAR MAIL.**

What Must Be Transmitted ?

Appraisers must furnish their complete appraisal report including all addenda, certifications, pictures and location maps. **DO NOT SEND the VA form 26-1805 (Appraisal Request Form).**

What About Proposed Construction Appraisals ?

Only the following proposed construction required exhibits will be electronically transmitted (scanned) when possible with the Fee Appraiser's appraisal package.

Description of Materials (VA Form 26-1852)
Plot Plan
Foundation Plan
Floor Plan
Exterior Elevations
Typical Wall Section
Appraiser's Certification (regarding proposed construction)

What About File Size ?

Limiting the file size is important. As a rule of thumb, an existing pdf appraisal file should not exceed 2000 KB and a proposed pdf appraisal file should not exceed 3000 KB.

The following information is to assist you in reducing your file size:

- a. Camera Settings
 1. If your camera has good, better best options for picture quality and standard, fine options for resolution, settings need to be **better** and **standard**.
 2. If your camera has other options for quality and resolution, select the **medium** or **low** setting.
 3. Contact the hardware vendor for any assistance.
- b. Scanner Settings

1. Be sure that the scanner you own or purchase has the capability of 100 DPI . This is necessary to ensure your file size remains within specified limits.
2. Most scanner default to Color Photo as the type of scan. This is not a viable choice for our purposes. Typically black and white is the best setting.
3. Turn off any automatic features of the scanner.
4. Contact the hardware vendor for assistance in selecting appropriate settings and changing default settings to reflect settings best for you.
5. Most scanned items are acceptable at 100 DPI, maps are the main exception. In order to ensure that maps are of an acceptable quality, the resolution may need to be higher than 100 DPI. This will depend largely on the quality of the original map used in the scan.
6. If you plan on scanning your entire appraisal report and create a Portable Document Format (PDF) file, please contact us. We have developed a PDF template to make it easier for you.

2. REPAIR INSPECTION REPORTS

Inspection Reports should be completed on your letterhead and then forwarded directly to the lender or sponsor who requested it. Use of a VA Form is not permitted. Do not upload repair inspection reports, or any other correspondence to E-Appraisal. E-Appraisal is solely for appraisal reports.

B9. REVIEWING THE APPRAISAL REPORT

1. ORIGATION REPORTS

VA or the LAPP staff appraisal reviewer (SAR) will review the appraisal report for all origination cases. If we do the review, then once completed we issue a "Notice of Value" (NOV) and forward it to the lender along with a copy of the appraisal report. If the LAPP SAR completes the review they will issue a Lender's Notification of Value Letter (NOV or LNOV).

The NOV Letter indicates the final Reasonable Value assigned to the property, along with the requirements needed to be completed. These requirements include MPR repair/completion items and other items.

2. LIQUIDATION REPORTS

VA, Countrywide or the SLMP Servicer will complete the appraisal review. Countrywide Home Loans will review the appraisal for foreclosure on all Portfolio Loan (LPL) cases.

3. ADDITIONAL INFORMATION

You may be contacted for clarification or additional information. Any additional information should be prepared in the most suitable way to resolve the problem, and mailed or faxed as necessary. In many cases a brief letter will suffice.

Generally, discuss your report only with the appropriate appraisal reviewer - either someone in the Construction and Valuation Section at VA, or the LAPP lender's Staff Appraisal Reviewer (SAR) or the SLMP Loan Servicer. Refer questions by Loan Officers or Loan Processors (other than timeliness estimates) to the appropriate SAR. If the appraisal is "low" then advise them of the appeal process.

B10. BILLING FOR APPRAISAL/INSPECTION FEES

Send the invoice/statement for the appraisal fee to the lender or sponsor whose address is on the Appraisal Request Form. For Portfolio Loan (LPL) cases forward your invoice to Countrywide per para. A7.3.

Inspection fees should be collected from the lender/sponsor making the request. Note that occasionally the origin of the inspection request (especially the office location) may differ from the office location of the lender/sponsor who requested the appraisal.

B11. APPEALS (RECONSIDERATIONS OF VALUE)

1. WHO MAY APPEAL

Any party involved in the transaction (lender/agent/buyer/seller) may request an appeal of the appraised value.

The request for appeal and any supplemental information is forwarded to the assigned appraiser for review. Additional comparable sales and other market data are not required (it could possibly be asking for the correction of a mistake such as room count, dwelling size, etc.). Otherwise, such data is necessary in supporting the reconsideration request.

Either VA or the LAPP appraisal reviewer will first try to reconcile all of the information into a final value estimate. Sometimes the data is field reviewed by VA or the LAPP lender in order to get a clearer picture of the valuation problem.

LAPP lenders cannot revise the value by more than 5%, but must forward all data to us for a final decision. The value may or may not be revised to the amount requested.

2. ROLE OF THE APPRAISER

It is appropriate for the lender to contact you directly for assistance. For example, the value dispute may result from a concern about inaccurate information in the appraisal report (e.g. incorrect size of the subject). You can clarify or amend your report if necessary.

The lender may send you the additional comparable sales data for review. If you determine that the additional sales are not as good as those in your report, then provide a

brief explanation as to why (e.g. sales farther away/too old/not as similar etc). Otherwise, review the data, make dollar adjustments on a grid as necessary, and provide a brief written recommendation regarding the value, consistent with your analysis of the data. Return your response to the requester

Your recommendations are reviewed by the LAPP lender and VA, and are subject to change. Therefore, it is highly recommended that you limit any discussions of the appeal of value to VA staff or the LAPP appraisal reviewer.

3. TIMELINESS

Show the date that the information was received in your office. **The timeliness requirement for the submission of written responses is seven (7) calendar days in most instances.**

4. ADDITIONAL FEES

Additional fees **are not** allowable if the report is corrected due to errors, omissions, or when you did not use the best market data. **The appeal market data must not have been available to you in order to justify the reconsideration fee of \$100.**

Additional fees **are** allowable if the additional sales submitted for appeal were settled *after the date of the appraisal*. When warranted, the fee is \$100.

SECTION C: SPECIAL APPRAISAL PROBLEMS

C1. CONDOMINIUMS

1. APPRAISAL REQUESTS

- **Origination Reports:** You are required to review the condominium common areas. Comment concerning condition and the adequacy of the monthly HOA fee. An additional fee is approved for condo appraisals.
- **Liquidation Reports:** You should receive *only* the appraisal request.

2. APPRAISAL REQUIREMENTS

- **All cases:** Use the FNMA 1073 Condominium Appraisal Form. Remaining Economic Life should be placed in the lower right corner of the “ project analysis block”.
- **Origination Reports:** In the “Project Analysis” Section discuss what utilities are included in the Condo fee. Also, provide a recommended (market) condo fee if the current fee is inadequate.

- **Liquidation Reports:** In the “Project Analysis” Section provide any information that is immediately available to you. Otherwise indicate “not available” or “unknown.”

3. COMPARABLE SALES

- **New Construction:** Builder sales within the same project are acceptable if marketability has been established (i.e. sales activity and values clearly established). If used, full closing documents must be reviewed and confirmed, and the amount of optional equipment identified for potential adjustment to the subject.

If a builder does not wish to provide the full closing data voluntarily, the fee appraiser should thank him politely, annotate his report to that effect and find other comparable sales. We cannot accept (the subject) builder's sales data otherwise, except as noted below.

The fee appraiser is not required to *obtain* copies, as an alternative we will permit these documents to be viewed at the office of the title company or builder, but the HUD-1 must be verified and reviewed for several factors, including any indication of excessive concessions.

The sales contract should also be reviewed for options which may require adjustment, concessions and other factors which may affect the valuation. This is in the best interests of the builder, who may not have other means to support the asking price otherwise. We will permit the use of builder sales without this verification procedure only when they appear in MLS, and the transactions follow the same third party verification process as all the other MLS data we routinely employ. If sufficient detail does not exist with respect to optional features or other items, the appraiser may contact the either listing or selling agent, or the buyer. If these issues cannot be resolved, the appraiser should find other comparable sales.

- **Existing Construction:** Sales of other units within the project are preferable.

Comparable sales in other competitive projects are also acceptable if an insufficient number exist within the project. Such data must be properly analyzed for items such as quality and appeal, unit location, project amenities and terms of sale.

C2. INCOME PROPERTIES (2-4 Units)

Use the FNMA Small Residential Income appraisal form (FNMA Form 1025). You do not need to provide the Supplemental Income/Expense form.

You must provide the Income Approach to value. The rental figure used must be realistic (market derived) for the subject property; because this income may be used to help qualify the Veteran for the loan. Indicate source(s) of rental information. Use income property sales as appropriate. Include GRM analysis sheet in the report.

If market conditions are not changing significantly you may provide the VA Certification concerning listings and contract offerings in lieu of the listing grid information on page one of the form. (see Section B3 - neighborhood)

C3. PROPOSED CONSTRUCTION (PLANS/SPECS).

1. THE APPRAISAL REQUEST PACKAGE

Lenders and sponsors should send you the appraisal request along with a set of appraisal exhibits (plans, specs, contract, other) as listed below. Certified plans should contain all required exhibits, and **all exhibits should be returned to the requester if they are not certified. You may suspend processing for a maximum of 7 calendar days in order to receive the certification (or HUD Form 92541, which is considered equivalent), and please cancel the assignment if this time frame is not met.** Any delay should be explained in your addendum. If you receive certified plans which do not contain full exhibits but feel you have enough to perform the appraisal, then complete your report as qualified by the omissions.

- **Appraisal Request:** (VA Form 26-1805)
- **Contract:** If under contract, a copy of the ratified sales contract.
- **Building Site:** If Vet owns the site (or is buying it separately) then review evidence of purchase and any unpaid balance.
- **Plot Plan:** Including location of well and septic if applicable.
- **Description of Materials:** VA Form 26-1852 or other standard format. Specify make and model of large appliances, heating and hot water equipment, and any other special or upgrade items. No "or equals". **Builder and Vet both sign the DOM's.**
- **Building Plans:** Items crossed out that do not apply, and/or items identified that do apply. Reduced size drawings (no smaller than 8.5 x 11) are acceptable, but must be clear and readable. Plans must show all exterior elevations, foundation and basement, floor plans, and sectional wall details.
- **Plan Certification:** A technically qualified individual (as determined by builder) must include this certification with the construction exhibits:

"I certify that these construction exhibits meet all local code requirements and are in substantial conformity with VA Minimum Property Requirements, including the energy conservation standards of the 1992 CABO Model Energy Code and the requirement for Lead-Free water piping."

HUD Form 92541 (Builder's Certification of Plans, Specification and Site) may be used instead of the above certification.

2. USING THE PLANS

The improvements sketch and GLA calculations are taken from the plans. *In all cases, the plans and specifications as provided are controlling.* If conflicts are observed between the plans and specs, the specs will govern. If variances are found between the plans set and any onsite construction in place, contact us for instructions. If there are significant differences we will get revised plan sets.

The appraisal is completed subject to completion as indicated by the Plans and Specifications. Also attach the appraiser certification below. Upload all appraisal reports to E-Appraisal as previously instructed. Return hard copy plans and specs to the LAPP lender for LAPP cases, to us for regular (IND or CRV) cases.

3. ADDITIONAL CERTIFICATION

Provide the following additional certification with your appraisal for proposed:

"I hereby certify that the information contained in the exhibits identified herein was used to arrive at the estimate of reasonable value noted in this report."

Identify the Plans _____

Signature

For MCRVs, you will receive additional instructions for your narrative report.

C4. LIQUIDATION / DEFAULT CASES

1. INSPECTING OCCUPIED PROPERTIES

The required timeliness is 7 calendar days from receipt of assignment. You must make up to three reasonable attempts to gain entry, unless access is gained on the first or second attempt. Attempts can include telephone calls to the owner and personal visits to the property. Your attempts should be done at various times to allow a reasonable chance of finding the owner or occupant at home. Our best hope of entering occupied properties under this timeliness requirement lies in obtaining a working telephone number for the current owner. If a working number is not provided, contact the requester by phone, email or fax. Try the phone book, then you may contact our Loan Administration Section at 1-888-232-2571 ext. 5. Inform them that you are a VA fee appraiser without a working phone number for the owner of record. You will receive a reply immediately or a return call, hopefully the next day (which we cannot guarantee). Otherwise, once you visit the subject, please leave your business card with a note explaining that you are conducting an appraisal for VA and need to enter the dwelling, but can delay for only one additional day. You must document all contacts & dates and attempts on page 2 of the URAR in the box immediately to the right of the cost approach section.

When the property is occupied, you can do an "exterior only" appraisal if:

- You have been refused entry by the owner or occupants; or,
- Access is considered by you to present a hazard; or
- You have made at least one appointment, which has been broken; or

- Three or more contacts with occupants at the number(s) provided with the liquidation appraisal request have resulted in no access.

When interior access is not gained, make reasonable efforts to verify what the interior of the property is like. Make reasonable assumptions based on the exterior condition, MLS listings, or other information about the interior once all other means of verification have been exhausted.

2. INSPECTING VACANT PROPERTIES

Once you determine that a property is vacant ***and abandoned***, notify the requester by telephone to properly secure the property and to provide you with a key or other means of access. **You must then immediately email or fax the Houston RLC, informing us that your appraisal will be delayed until entry is gained, and confirming that the requester has been notified. You will be held responsible for the delay unless we receive this notification promptly!**

You must gain interior access for vacant dwellings (unless local laws prevent this). Since some delay is likely, ***there is no time limit on the completion of the appraisal unless we contact you directly to provide a report*** (even if you did not gain entry).

3. SPECIAL INTERIOR INSPECTION CASES

If the Liquidation appraisal request indicates that the case is a “VA Refunding” or a “Compromise Sale” or a “Deed in Lieu of Foreclosure”, then *you must gain interior access, whether vacant or not*. The Veteran/owner should be cooperative, as he or she is notified that you must be granted interior access. These Appraisals are commonly called **SLMP** type appraisals.

4. APPRAISAL REQUIREMENTS

Foreclosure properties are always appraised "as-is", even if MPR and/or cosmetic repairs are needed. In all cases provide market value, not "quick sale" value or any other type of value.

To the extent appropriate, select comparable data that represents typical market transactions. Even if the subject property needs significant repairs, a sale in the immediate area but in better condition may (after adjustments) be a better indicator of value than a sale from a different area that also needs repairs.

5: ADDENDUM INFORMATION

Include the following supplemental information with your report. You **must** use the format as shown in addenda 1 and 2 attached to this manual.

- Evidence of at least three reasonable attempts to gain entry (not needed if access gained but clearly state that you gained entry). This includes date, time, phone (or personal visit), name of contact, and comments as appropriate. Include lender contacts when appropriate.

- State whether the property is vacant or occupied, and if secured or not.
- If tenant occupied, then to the extent possible provide the occupant's name and any rental information the tenant(s) will provide you (such as period of occupancy, lease terms and expiration date, monthly rental and when due, and to whom payable).
- An itemized list of repairs (both MPR and non-MPR/cosmetic), plus an estimated cost to complete each item and **the contributory value added**.
- Advise if any emergency repairs are required to safeguard the safety / security of the dwelling. Advise your best estimate of the needed repairs to make the subject marketable.
- Insure that there is a logical analysis of the Cost / Contributory Value and that the contributory value relates to the Adjustment shown for "Condition" on the appraisal.
- MPR items, if any, are always required to be listed. Non-MPR (cosmetic) items are based upon your opinion of any other work which, if completed, would bring the property up to at least the typical neighborhood standard.
- In some cases, the market may dictate that you first need to "lump together" some repair items to get a total single contributory value. Remember that cost does not always equal value.
- **List separately any emergency repairs required**, such as repairs necessary to protect the property from vandalism or cold weather, or immediate repairs needed to correct major problems (flooded basement, roof/plumbing leaks etc.).
If major problems exist then contact the RLC.
- **Provide an analysis of at least three competitive listings or pending contracts.**

Fee appraisers are required to submit an addendum containing no less than three competitive listings or verifiable contract offerings considering the most similar and proximate to the subject property with all liquidation appraisal reports.

This data should include all the type of information usually found in an MLS entry or other listing. You must also report the total time listed, any known changes to the listing price of each property, and a short statement comparing these properties to the subject.

- Contract offerings are more desirable than listings. New construction contracts must clearly identify every optional item and variation from the basic house type and any sales/financing concession included in the sales price.
- As a minimum, the data must include:

Property address, and proximity to the subject (distance and direction)

Design/style, room count and gross living area, and age

Current price (or contract amount, if available), price changes since listed, and days on the market (DOM)

Comments as to how the property compares to the subject. *Your analysis should be sufficient to show that the listing or pending sale is either superior, similar or inferior to the subject.*

You may provide this data in the form of an MLS printout, supplemented by comments on any remaining information that is required above. Or, you may instead choose to "grid" the listing or pending sale data (in a manner similar to relocation appraisals) and then comment on the remaining information.

If you are using a pending contract on a new house, identify all options and other variations from the base model.

It is possible that listings may provide a better indication of current prices than settled sales. *This is especially true for declining markets*, where listings may be offered at lower prices than recent similar sales. If you determine that this is the case, then your final value estimate must reflect the influence of current listings, and not just the value indicated by the settled sales.

- Any supplemental comments not included elsewhere in the appraisal report.

There is a sample template of a Listings/Contract Offering Addendum at the rear of this guide, and further information may be obtained from the Lender's Handbook, VA Pamphlet 26-7, which contains a Liquidation Appraisal Addendum Example, identified as Figure 1 on page 11-28 of Chapter 11. The website for VA Pamphlet 26-7 is <http://www.homeloans.va.gov/handbook.htm>.

Questions concerning this procedure should be addressed to a staff appraiser at 1-888-232-2571, x3117.

6. THE DEPARTURE PROVISION

All USPAP and VA appraisal guidelines apply, except when you cannot inspect the interior.

When you complete the appraisal without doing an interior inspection, you may indicate Departure by amending the Certification page, Item 8 (delete the words.."interior and".. and put your initials adjacent *if possible*, otherwise note in your addendum).

C5. MANUFACTURED (MOBILE) HOMES

1. ELIGIBILITY FOR APPRAISAL

Mobile Homes are eligible for appraisal and long-term VA financing, provided that:

- The improvements must constitute *real property* (improved real estate) and not chattel. You may verify with the local authority having property tax jurisdiction

(typically the county) the manner in which the improvements are assessed (i.e. real or personal property). If so, remember that the unit may have been recently affixed, and the taxing authority not reflect the current assessment.

- The location of the Mobile Home on the lot is not a violation of zoning laws or other local requirements.

2. EXISTING M.H. CONSTRUCTION

The property is considered as existing if the Modular (or Mobile) Home is on site and adequately affixed to a permanent foundation.

The foundation must be acceptable to the building authority having jurisdiction and must be constructed to withstand support loads and wind loads. **You must fully describe, and photograph the foundation to illustrate the type of foundation and the manner affixed.** Examples of acceptable foundations are a slab with piers for beam attachment, 30 inch diameter piers no less than eight feet on center (or apart), perimeter beams or runners. Other methods may be acceptable. If you have questions about the acceptability of the foundation or attachment method (especially if there are no local requirements) you may contact the Houston RLC.

Existing Mobile Homes are appraised in the same manner as for other Existing Construction, subject to VA MPR's. (see Section A4)

3. PROPOSED MOBILE HOME CONSTRUCTION

The property is Proposed Construction if either the foundation is incomplete or the unit has not yet been installed. *The Mobile Home can be new or used.*

The foundation must be acceptable in the same manner as for Existing M.H. Construction (above).

Proposed M.H. Construction cases are appraised from the use of a limited plan set which shows the floor plan of the unit and the foundation detail. Plans are forwarded to you with the appraisal request. Plans should include a site plan and specification sheet.

The appraisal is subject to VA MPR's for Proposed Construction. (see Section A4)

The Proposed Construction Certification applies for exhibits. (see Section C3)

4. APPRAISAL ANALYSIS

Indicate that the mobile home is on a permanent foundation, describe and photograph the method affixed. This may require the removal of some skirting if an adequate view is not available. If so, you may delay your report for a maximum of 7 calendar days for regular cases (VA CRV), or 30 days for LAPP cases.

Give careful consideration to the remaining economic life (REL) of the improvements. Mobile Homes typically do not have the life expectancy of other housing types. *Clarify or explain when the REL is less than 30 years. When the REL is less than 30 years, the loan term is reduced to the same period.*

Provide the make, model, serial number, length, width, and square footage of the manufactured unit, if available.

C6. SPECIAL PROPERTY PROBLEMS

1. AIRPORTS

When a property is near an airport, the property may or may not be eligible for appraisal depending on the *Noise Zone*. Identify and report the Noise Zone where the property is located. The appraisal must include a consideration of the value impact of the proximity to the airport. Comparable sales must reflect market acceptance of the neighborhood.

Airport Noise Zones

Noise Zone	CNR (Composite Noise Rating)	NEF (Noise Exposure Forecast)	DNL (Day/Night Ave Sound Level)
1	Under 100	Under 30	Under 65
2	100-115	30-40	65-75
3	Over 115	Over 40	Over 75
Clear	At end of runway		
Accident Potential	Beyond the Clear Zone		

Zone 1: All properties (Existing/New/Proposed) are eligible.

Zone 2: Existing and New Construction properties are eligible. Proposed Construction is eligible provided that Sound Attenuation features are built into the dwelling so that the *DNL Sound Level is 45 decibels or less*; contact us if you cannot determine this from the plans or other information provided.

Zone 3: Existing and New Construction properties are eligible. Proposed Construction is not eligible unless the project was first accepted by VA and then the Noise Zone contours were subsequently changed, in which case Zone 2 applies.

Clear: Existing and New Construction properties are eligible. Proposed Construction is not eligible.

Accident Potential: Existing and New Construction properties are eligible. Proposed Construction is eligible *if the project is consistent with the recommendations of the airport's Air Installation Compatible Use Zone (AICUZ) Report*. We have AICUZ information on file at this office. Contact us if you need it.

Appraisers must report the noise zone and DNL for the subject property in the site section of the URAR. If the property is not in a noise zone, so state.

2. APPLIANCES AND OTHER REMOVABLE EQUIPMENT

Equipment items which are suitably attached and which contribute to livability are acceptable for valuation. Such items typically include built-in household appliances.

Items which are generally considered to be personal cannot be included for valuation. Personal items typically include blenders, mixers, furniture, loose rugs and drapes, satellite dishes, and above-ground pools.

Local custom dictates that some items will require your judgment, such as wall or window air conditioning units, and light fixtures. As a guide, note the manner in which the item is attached to the dwelling.

Also, you can use the purchase contract and/or the appraisal request as a guide to determine what is being purchased.

3. COASTAL BARRIER RESOURCES SYSTEM

The CBRs are used to identify areas of land that are subject to significant problems caused by proximity to water (Texas & Louisiana coastal counties).

When applicable, determine if the property is located in an affected area (included within the solid heavy black lines on the maps). If so then you must reject the property outright.

You can obtain maps by contacting the U. S. Geological Survey, Distribution Branch, Open Files Services Section, Box 25425, Denver CO. 80225

4. COMMERCIAL/RESIDENTIAL COMBINATIONS

Reject the property if the commercial use exceeds 25% of the total floor area. Otherwise, describe and analyze the condition. Your report should include zoning information and a description of the use of adjoining properties. Photos should include commercial uses if in immediate area. Indicate both commercial and residential square footage.

5. COMMON/PARTY WALLS AND ZERO LOT LINES

If a property has a common wall with an adjoining property report this condition. If the dwelling is constructed at or near the lot line, then report this condition along with a recommendation, if necessary, regarding the need for an access easement (to allow for maintenance and repair to the subject exterior). Each living unit must be capable of individual maintenance and must be accessible without trespass.

6. CONTRACT REPAIRS

If there are MPR repair items in the purchase contract (particularly for new dwellings complete to the customer preference), such as floor covering and appliances you should require that they be completed. This is the case if (a) the items are described adequately and (b) *they have impact on the appraised value.*

For example, you may review a purchase contract which requires that the seller install new carpet prior to settlement, and conclude that new carpet is an MPR repair item due to an unsanitary condition (dirty), unsafe or unsound (torn, which could result in tripping)

particularly since the principals have agreed it is unsatisfactory. The property value is impacted by the new carpet.

You may complete your appraisal report “subject to” the completion of those contract repair items you award value to in your report. List separately as contract items, along with an estimated cost to complete each item. A completion inspection may be required.

7. EXCESS LAND

There is no limit on overall land or site size as long as the whole parcel is contiguous. See Farm Residences below.

8. FARM PROPERTY

Although VA does not make farm or other business loans, the law allows veterans to use their Loan Guaranty benefit to purchase a farm on which there is a farm residence.

The appraisal of properties with acreage should not present difficulties if a sufficient number of similar properties in the area were recently sold primarily for residential use. For VA purposes, the valuation must not include livestock, crops or farm equipment and supplies.

Installed facilities (such as, well and septic tank, etc.) serving the dwelling will be considered part of the dwelling when, in the opinion of the appraiser, such items contribute to the desirability and residential aspects of the property.

Buildings other than the dwelling will be valued on the basis of the use of the property for residential purposes only. Barns, silos, stables, livestock fencing or other improvements do not contribute to the residential character, and no value will be awarded.

9. FLOOD ZONES

- **Existing Construction:** Denote which Flood Zone (A, B, C) in which the *improvements* are located. If you are not sure, comment in your appraisal report about the problem so that the lender may obtain a formal flood zone review. Otherwise, provide the zone, map reference number and map date in the Site Section of the appraisal form being used. If there is no Flood Map then so state.
- **New and Proposed Construction:** Do the same as above, unless you determine that the lowest floor is below the base Flood Level (Zone “A”); if so then clearly indicate this condition in your appraisal report.
- **Any property** subject to regular flooding (regardless of Flood Map data) or in Zone “A” or “V” where no flood insurance is available must be rejected.
 - a. Include only those areas which are in the 100-year flood plain as delineated by FEMA (Federal Emergency Management Agency) on flood maps developed through engineering studies; usually refined into Zones A, A0, AH, AE, A99, VO, VE or V. (Older maps utilize numbered A Zones; e.g., A1, A2, A30 and

numbered V Zones; e.g., V1, V2, V30.) Flood insurance is not required in Zones B, C, X and D.

10. FLUCTUATING MARKETS (CONSTRUCTION COSTS)

Changes (increases) in costs do not necessarily result in changes in market value, since the market typically does not buy properties based only on a property's reproduction or replacement cost. *Market adjustments to comparable sales must be based on the market reaction to the condition*, and not (based) on the cost changes alone.

11. HIGH PRESSURE GAS/LIQUID PETROLEUM TRANSMISSION LINES and HIGH VOLTAGE ELECTRIC TRANSMISSION LINES

A property is eligible for appraisal when the dwelling is *not* situated in the high voltage electric transmission line easement area. Other improvements may be within the easement, but will receive no value. These determinations are generally made once the lender obtains a survey, but you should report the existence of such transmission lines, and a locational adjustment may be warranted to the subject property.

For High Pressure Gas and LP Pipelines, the dwelling may not be situated within the easement. Other improvements may be within the easement, but will not receive value. For proposed construction, if the house and attachments will be located outside of the easement area but within a distance of 220 yards of the centerline of the transmission line, disclose this in your appraisal report. Additional conditions are required by VA that must be cleared by the lender prior to loan guaranty.

12. PARTIAL RELEASES

We will send you a letter of request for an appraisal, along with a survey and/or plat maps indicating the portion(s) of the property to be severed. Your report should include the value of the whole property before ("As-Is") the release, a value of the property after the "taking", the value of the portion released, plus estimating any damages to the residue as a result following this release.

13. RENOVATIONS and REMODELING

Some alterations (such as a new enclosed porch under construction on a resale property) may require that you review plans and specifications, or contractor bid proposal, or some other accurate listing of the changes to be made.

If you discover this problem then contact us. We will obtain the information needed and forward it to you. Prepare the appraisal "subject to" the information we provide you. When such modifications exceed \$3500 in cost, you must provide both an "as-is" and an "as-completed" value.

14. UNVENTED SPACE HEATERS OR FIREPLACE

Provide detailed comments on Unvented Space Heaters that use liquid or gaseous fuel, or any Unvented Fireplace. There are additional requirements (not part of the appraisal) that must be added to the Value Notice by VA or the LAPP Lender.

SECTION D: MASTER COMMITTEE APPRAISALS and MASTER CERTIFICATES OF REASONABLE VALUE (MCRV'S)

1. WHAT A MASTER COMMITTEE APPRAISAL IS

A Master Committee appraisal report is one where the values apply to more than one property in a new development.

You provide an appraisal report for each model based on the typical (base or lowest) lot value, a value for the individual site premiums (if any) and values for the unit options. When a unit goes under contract, all of the predetermined individual values (model+site premium+options) are totaled to determine the maximum value of that property for VA.

The Master Appraisal is usually completed based upon Plans and Specifications (Proposed Construction). On rare occasions, we may ask you to prepare a report on a Condominium Conversion project (as existing construction) where full plans are not necessary.

2. THE APPRAISAL ASSIGNMENT

MCRV assignments are not subject to an “automatic” rotation of appraisers. We attempt to rotate them on a case by case basis from a smaller pool of appraisers. This is because:

- Not every appraiser on our roster is interested in performing this kind of work, and
- Of the remainder, we select only from those appraisers whose quality of work and turnaround time are exemplary.

Depending upon the number of lots and model types, we may assign more than one appraiser to help complete the report. We do this when the builder wants to try to sell a large number of units (typically over 100) in a given year or season. Values can be critical when the builder wants to do volume sales.

If more than one appraiser is needed, then one of you will be designated the *Chairman* (of the Committee) and will be responsible for completion of the final appraisal report. The fee is adjusted (for two appraisers) accordingly, per below.

3. EXHIBITS USED

All of the information needed to complete a Master Committee report is sent to you by the requester with additional instructions from VA. Review all of the exhibits for completeness, including:

- A letter containing Building Program Information, which includes the total units to be built, total units in the phase under construction, and start/completion dates. Other information includes Public Works provisions and any special assessments.
- An appraisal request form for each basic model.
- Plans and specifications for each model type. If plan sets are reduced size then they should be clear and legible. Plans must show all exterior elevations, foundation and basement, floor plans, and sectional wall details.

Specifications will show make/model for large appliances and heating and hot water equipment for each base model.

- Site Plats (or Condo unit plats) locating each site or unit will be included.
- A worksheet set (VA Form 26-1843b) which includes a complete listing of all of the individual models, lots and options to be valued.
- If Modular Construction, evidence of coverage by a HUD Structural Engineering Bulletin or a certification of approval by the state in which the unit is fabricated.
- If Condominium, a set of Organizational Documents for your review.

4. REVIEWING THE PLAN SETS and FIELD WORK

Complete your review of the exhibits and your onsite inspection. Check for any discrepancy between the plans sets and information obtained on site.

One possible problem might be that the "show" models as built might not agree with what the plans indicate is to be built. A more common problem is when the base model(s) from the plans don't agree with the base model(s) as described in the builder's *Sales/Marketing Information* (for example, 1 bath standard Vs 2, or other discrepancies in standard Vs optional items). If this happens then contact us for assistance.

You will need to become familiar with other projects to determine competing marketing conditions. If marketability of the subject project has not yet been established (i.e. the project is just opening up for the first time and sales are limited), you *must* review other competing projects for sales data. Your field work should be sufficient to allow you to:

- Prepare an individual appraisal on each model type, and to
- Provide a value for each lot, site premium and option, and to
- Prepare a narrative report which includes the information described below.

5. ESTABLISHING THE VALUES

- **Model Types:** Provide an appraisal for each model type, using the guidelines for Individual Proposed Construction. (see Section C3)

Include only the standard features for the “base” model, and a typical “base” site value. Deduct the value of options contained in the Comparable Sales.

For apartment-style condominiums use the “benchmark” model (the least favorable location in the project) as a base for each model type.

Include the appraisal certification (regarding the exhibits used) for Individual Proposed Construction appraisals, *unless the units are condominiums*. For Proposed Condominium appraisals include the following certification:

“I hereby certify that the information contained in the plans, specifications and all condominium organizational documents have been employed in arriving at the estimate of reasonable value noted in the appraisal report.”

For Condominium Conversion Projects see also below.

Once the appraisals are completed, put the value of each base model on the appropriate VA worksheet page (containing information on the standard models) under column 9, “Appraised Value”.

- **Individual Sites:** On the VA worksheets (where the individual sites are listed) indicate the market value for the base site. You only need to indicate the base value *once*, on the first page of individual site listings (under “Appraised Value” Column 10). You may omit this process for apartment-style condominiums.

You do not need to provide an individual site appraisal, but your base site value on the worksheet should be consistent with that shown on the URAR (in the Cost Approach section).

The VA worksheets may also specify lots requiring a site premium (such as for view site or woods at rear). Based upon your project inspection, adjust the worksheets to specify those sites that in your opinion deserve a premium, *regardless of what was requested*. You may adjust the value (dollar) amount up or down, or give no value at all. Put the adjusted site value (if any) in column 10 of the VA worksheet for each applicable site. If the premium is requested as an “option”, then show the value amount in column 17 and specify as necessary which sites are eligible. For apartment-style condominiums, the value difference for each level (if any) is usually considered as a unit option and not a site premium.

- **Unit Options:** On the VA worksheets, review all of the individual buyer options and establish a market value for each item. If, in your opinion, the item does not contribute any additional value to the property than indicate “no value” or NV. Put your value in column 17 of the worksheet.

You may use a Cost Service Manual as a guide, but any value should be based upon all available market-derived information, such as data from other builders and local store prices.

The VA worksheet set is now completed. Please initial and date each page.

6. THE NARRATIVE SUPPLEMENT

You must provide a Narrative Supplement in addition to the completed VA worksheets and the individual appraisal reports. If necessary, provide extra photographs to help explain or show pertinent factors. Include a discussion of:

- **The market area.** If not already on the individual appraisal report(s) then discuss availability of amenities (schools, churches, shopping, employment, recreation and transportation), plus other relevant economic factors.
- **The project.** Include development stage, estimated completion, sales history, onsite and offsite improvements, overall conformity, market appeal.
- **The project site.** Include topography, utilities, zoning and restrictions. Also denote other influences or hazards such as flooding, aircraft noise, traffic and other conditions.
- **Competing projects.** Include styles, price ranges, total units and absorption rates.
- **Individual Site Values.** Fully explain your methodology for estimating individual site values and provide adjusted land sales.
- **Amendments or corrections.** Discuss any changes or corrections you made to the Worksheets. For example, if you adjusted the sites which are to receive a premium then briefly discuss why. If you adjusted a standard item to an option (or vice versa) then mention why.
- **Relationship to Master HOA/PUD:** If applicable, then comment on the master HOA development and status, the common area, the required fees, and the impact of the organizational documents (if any).
- **Relationship to Master Condominium Regime:** If applicable then review the organizational documents and provide a *Project Review*. Include your analysis of the proposed budget, monthly assessment(s), and the percent ownership interests. Inspect common areas and comment concerning their condition. You receive an additional \$50 fee for this review.

7. CONDOMINIUM CONVERSION PROJECTS

For purposes of simplicity and uniformity, we usually require that the developer refurbish or renovate each unit and building to a minimum common standard. Once a base standard is established, the units and other options and upgrades can be appraised.

To the extent applicable, we will send you the documentation described above. We will also send you architectural and/or engineering statements concerning the relative condition of most of the major components of each building (structure, roof, elevators, heating and cooling, plumbing and electrical).

In conjunction with the above directions, explain in the Narrative Supplement what conversion work is to be done.

In the Condominium Project Review, discuss the adequacy of the condo fee and the budget and operating reserves relative to the condition of the project. For example, a low condominium fee (and/or low budget reserves) may be inadequate if only minor cosmetic work is being done in the project while other deferred maintenance still remains. Use the same certification as for Existing Condominiums. (Section C1)

Note that there is most likely a significant value difference between units that are renovated and units that are just cosmetically refurbished. Your report and analysis should reflect this.

8. THE COMPLETED MASTER REPORT

Your completed Master Report should consist of an individual appraisal report for each model (one original/one copy), a Narrative Summary (one original), the completed VA Worksheets (one set) and the Condominium Project Review if applicable.

Sign and date the Organizational Documents set (if we sent them to you) on the inside front cover. Send your Master Report to VA only, along with any Organizational Documents.

If you need a set of the Condominium Documents we will make a copy set for you. *Keep one set of the plans and other exhibits for your files.*

Do not discuss your Master Report with the lender or sponsor, because upon review we may amend the Report. Once our review is complete we will issue a Master Certificate of Reasonable Value (MCRV) which contains all of the final values for the units, sites and options, plus the requirements and conditions which the lender has to fulfill for Loan Guaranty purposes.

We then forward the MCRV to the lender or sponsor, along with a copy of your appraisal for each model type.

9. VALUE APPEALS

Any disputes or requests for reconsideration of value must be submitted to the fee appraiser first. These appeals may be supported by unsettled sales, or legitimate contracts which reflect market acceptance of price increases. Appeals of value for the model types are usually resolved in the same way as for individual appraisals otherwise. Appeals of the option values are usually resolved by VA, although we may contact you for assistance.

10. CONSTRUCTION INSPECTIONS

We do not assign appraisers to do interim or final inspections for MCRV projects. We assign regular VA Compliance Inspectors for this purpose. Their role is not only to determine if the unit is completed, *but done so in accordance with local code, VA MPRs*

for proposed construction, and the plans and specifications used to establish the appraised values.

11. THE APPRAISAL FEE

See the appropriate fee schedule by state

SECTION E: ADDITIONAL INFORMATION AND ADDENDUMS

QUALITY RECOMMENDATIONS :

- In the present climate of higher appraisal standards and licensing of real estate appraisers, VA will continue to support fee appraisers in a positive way to promote quality reporting.

SOME SUGGESTIONS TO ACCOMPLISH THIS GOAL :

- **Comparable Sales** - Sale data should be as current as possible and located in the same marketing area (subdivision if possible). If older than 12 month data must be used, please explain its use. Use the full address of sales; if a rural route, give the owners name, state road number.
- **Manufactured Housing** - If conventional housing units are used as comparable sales, an adjustment under "Design and Appeal" is usually warranted.
- **Property Inspection** - If existing property shows evidence of damage from termites, dry rot, dampness, or settlement, you must detail the extent of the damage and give your opinion if a specific repair can correct the damage or if the damage should be assessed by a professional engineer or VA staff member. Also, let us know if you believe it is not economically feasible to correct the deficiencies. Be sure to inspect crawl space with a flashlight for excessive dampness, adequate ventilation, structural soundness or other damage. Please state in your report if there is no access to the crawl space and require access as a repair item.
- **Repairs** - Review repair lists closely to assure that only those items needed to meet the Minimum Property Requirements (MPR) for existing construction are reported and a cost estimated for each item. Some repair lists are too lengthy and include cosmetic type repairs and other requirements for certifications and special inspections. Test your repair list. Are they limited to items of safety, structural soundness, and habitability. Remember that if MPR repairs are required, your grid adjustment for condition must reflect the "as repaired" condition.

- **Legal Description** - Every appraisal must contain a positive identification of the property being appraised. An accurate legal description of the property must be obtained from the deed, mortgage or other land record sources in the community. It may be attached as an addenda sheet.
- **Economic Life** - Report a realistic estimate of the number of years of remaining utility of the main dwelling for residential purposes. If you report a remaining economic life less than 30 years, your report should clearly indicate the reason for the reduction.
- **Functional Obsolescence** - Be careful to consider functional utility problems in light of the market and indicate acceptance or rejection of the dis-utility ; for example, a poor room arrangement. Annotate your sketch of the floor plan when functional obsolescence is applicable.
- **Timeliness** -All appraisals now have a 7 calendar day timeliness requirement. If you experience access delays, include a prominent note in your appraisal stating the number of days you were delayed access to the property. VA appraisal assignments are to be completed with the same timeliness as conventional appraisals.
- **Market Approach to Value** - Do not use cost data to make dollar adjustments in the market approach to value. Adjustments or value indicators should be rounded to the nearest \$100, the real estate market is not that exact. If repairs are required to bring the property up to minimum property requirements for existing construction, then the condition adjustment must be "as repaired" to indicate an "as repaired" value.
- **Proposed Construction** - It is essential that special care is taken in the selection of comparable sales, especially since only the market approach is required and new construction sales may be limited. Use of older sales usually require adjustments which are large. If good comparables are not available, it may be helpful to use the cost approach to give additional support to a questionable market approach. Specifically describe the exhibits used to arrive at the Value Conclusion . "Used plans & specifications", "Used the enclosed" and "Used what was available" is NOT acceptable.
- **Liquidation Appraisals** - Advise if any emergency repairs are required to safeguard the safety / security of the dwelling. Advise your best estimate of the needed repairs to make the subject marketable.
- **Cost / Contributory Value** Insure that there is a logical analysis of the cost / contributory value and that it relates to the adjustment shown for "condition" on the appraisal.
- **Like Properties** Compare apples to apples" i.e. Colonial to Colonial, Ranch to Ranch, 3BR to 3BR etc.
- **Descriptions** The use of such terms as "typical" "average" "equivalent" is discouraged. Describe the item.

- **External Obsolescence** If subject is in Noise Zone, Aircraft Crash Zone, or FEMA Flood Zone do not make the following comment: "No external obsolescence observed."
- **Public Relations** - Many of the complaints we get about appraisers do not concern low values. They relate directly to what the appraiser says and does when viewing the subject property. Do not rush, many complaints deal with brief inspection times of less than 30 minutes. A person's home or prospective home is a sensitive topic and thus care should be taken in what we say and do. A professional, courteous appearance and demeanor will help instill confidence with the public that an objective appraisal will be made.
- **Ecommerce submissions-** If for any reason you are unable to upload your appraisal to the VA Eappraisal system, you should transmit your report immediately via email to the requestor, and to the Houston Regional Loan Center, and the appropriate VA Regional Office. When you address your e-mail message, you **MUST** place the **full VA case number** in the SUBJECT block as the 12 digit case number, **followed by the appraisal type** (LAPP, CRV or LIQ), **and your last name**: Example: **SUBJECT: 62-62-6-0999999/LAPP/SmithW**

Advise VA immediately of a fax, email or street address change!

Hold Status- You must request hold status no less than 7 calendar days in advance by fax to the RLC at (713) 794-3813 or email, and you must have completed all pending VA appraisal assignments prior to departing (unless a medical emergency). Medical emergencies cannot be anticipated, but someone must notify VA ASAP (office personnel, spouse, friend, etc.). We will reassign your case work, and please refer to page 35 concerning the "buddy system" for repair inspections which you cannot anticipate. **If you depart for vacation without notifying VA, you are subject to an immediate administrative sanction following your return. A second violation may be dealt with by removal!**

C&V MEMOS- It has come to our attention that all C&V Memos emailed to fee appraisers since our regionalization have not been received. We encourage all fee appraisers to visit our website at <http://www.vba.va.gov/houstonrlc.htm>, under **Current Local Bulletins; C&V Memos** (at the bottom of the page). Please review and print all C&V Memos and visit this site periodically. We plan to continue to convey C&V Memos by email, so please **advise VA immediately of email address changes.**

ABBREVIATIONS

A/C Air Conditioned
 ALM Aluminum
 A/D/H Alum/ Double / Hung
 APT Apartment
 Aprx Approximately

EBB Electric Baseboard
 EFWA Electric Force Warm Air
 HDWD Hardwood
 HP Heat Pump
 Incl Included

ASPH	Asphalt	Ind.	Industrial
ASUM	Assumption	Irr	Irregular
Atch	Attached	Kpp	Knotty Pine Panelled
AWN	Awning Window	Ldscp	Landscape
BSMT	Basement	Lge	Large
BLK	Block	L & P	Lathe & Plaster
BRK	Brick	Lvl	Level
B / I	Built In	Min	Minimum
Cab	Cabinet	Mod	Modern
CAC	Central Air Conditioned	Mtg	Mortgage
CPT	Carpet	Neigh	Neighborhood
C/P	Carport	N / I	Not Included
C1A	Carport 1 attached	NV	No Value
C2A	Carport 2 attached	OFF	Oil Floor Furnace
C1D	Carport 1 detached	OFHW	Oil Force Hot Water
C2D	Carport 2 detached	OH	Over Hang
CIV	Considered In Value	OSH	Oil Space Heater
C / L	Center Line	OWF	Oil Wall Furnace
C / T	Ceramic Tile	OSS	Outside Storage
COL	Colonial	Pnl	Panelled
COMB	Combination	Parq	Parquet
COMM	Commercial	Pymt	Payment
Conc	Concrete	Prch	Porch
Cond	Condition	PITI	Principal Interest Taxes Insurance
Condo	Condominium	P / L	Property Line
Const	Construction	PP	Personal Property
Cont.	Contemporary	PUD	Planned Unit Development
Conv.	Conventional	Rec	Recreation
Cov.	Covered	Res	Residential
CUL	Cul - de - sac	RM	Room
CSMT	Casement Windows	ROG	Room Over Garage
DCK	Deck	RH	Raised Hearth
DET	Detached	Schl	School
DN	Down	Scrn	Screened
DW	Drywall	SFRes	Single Family
Residence			
Elec	Electric	Stco	Stucco
ENCL	Enclosed	ST	Street
ENTR	Entrance	S / D	Subdivision
EQPT	Equipped	STG	Storage
FHA	Fed. Housing Administration	STW&DRS	Storm windows & doors
FmHA	Farmers Home Administration	Trans.	Transportation
Fin	Finished	UROG	Unfinished rm over garage
FP	Fireplace	Util	Utilities
Flr	Floor	V	Value
FR	Frame	VHDA	Va Housing Dev Authority
Frntg	Frontage	W / D / H	Wood Double Hung
GAR	Garage	WoBay	Walk -out Bay
G1A	Garage 1 attached	WIC	Walk In Closet
G2A	Garage 2 attached	WSI	Wood Siding

G1D Garage 1 detached
G2D Garage 2 detached
G1Bi Garage 1 Built in
GFF Gas Floor Furnace
GFWA Gas Force Warm Air
GSHW Gas Force Hot Water
GSH Gas Space Heater
GWF Gas Wall Furnace
HC Hollow Core

WS Wood Stove
W / U Walk Up
WWCPT Wall to wall carpet
WC Washer Connection
WSCT Wainscot

ADDENDUM 1

SUPPLEMENTAL INFORMATION FOR APPRAISAL REPORT (URAR)

Dated _____ on the property located at _____

_____. The VA case number is _____

1. Appraisal report received from Lender _____(date)
2. Name of occupant if applicable _____
3. Entry (was / was not) gained.
4. The average length of marketing time is _____ days.
5. The average list price to sale price ratio is _____ %.
6. Emergency repairs (are / are not) required.
7. Repair requirements:

Cost

Contributory Value

Total Cost

Total Contributory Value

Narrative explaining attempts to gain entry:

Sincerely,

_____ Appraiser

EXAMPLE
ADDENDUM 2 TO LIQUIDATION APPRAISAL

Competitive Information

1. 8 Pickett St. , Garden City, 6 blocks from subject

- ranch / slab
- 6/4/2 1400 SF (+)
- 20 years
- listed at \$67,500 Ray Homes
- reduced from \$69,500 on 5/1, on market 60 days

(very competitive with subject, has additional bath but no garage or deck, exterior condition superior).

2. 21 Baker St., Garden City, 2 blocks

- (see attached MLS card and photo)
- on market 90 days at \$59,500

(newer ranch, 8 yrs, very similar to subject in design and layout but in much inferior condition, sale by local bank, represents lower end for subject)

3. 14 Whitney Ave., Hamilton, 10 blocks

- ranch / slab
- 6/5/1 1600 (±)
- 15 years
- current contract pending @ \$65,000, Wenham Homes

- on market 120 days, original listing at \$75,000

(Same basic style as subject, garage converted to 5th bedroom, location in adjacent town is of no impact - same school and water / sanitary district)

General Market Information

1. Listing period to sale is stabilizing at about 90 days.
2. Based upon my file information sales / listing ratio is approximately 90 percent in last 12 month period.

ADDENDUM 3

EXAMPLE OF FEE APPRAISER'S ADDENDUM PROVIDING ITEMIZED REPAIRS FOR SUBJECT PROPERTY, ACCESS, AND OTHER REQUIRED INFORMATION

<u>Description of Needed Repair / Physical Inadequacy</u>	<u>Estimated Cost to Cure</u>	<u>Estimated Contributory Value</u>
1. All exterior trim needs painting	\$1,200	\$1,500
2. Roof shingles worn, at end of life, replace,	3,000	3,000
3. Downspouts and splash blocks missing at all corners	400	*
4. Several pieces of siding on north side are wind damaged and bent away from dwelling	350	*
5. Storm door glass is broken	100	*
6. Clean up debris in rear (old deck material, boxes , couch	100	*
7. Replace damaged kitchen floor covering (completely torn)	500	500
TOTALS	<u>\$5,650</u>	<u>\$5,500</u>

* These items together are considered to have a \$500 effect on value.

Access Problem Information Examples:

- (Occupied Property Example) Called owner, Mr. Smith at 000-5900 on 6/17. Agreed to meet me at property on 6/19, but was not home. Reached Mr. Smith on 6/20, now refuses to let me gain interior access. Visited property on 6/21. Observed dwelling from street, exterior looks to be well maintained.
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- (Vacant Property Example) Local servicing agent access information noted on VA form 26-1805 not correct, called holder on 6/17 (Access mortgage, 000-555-2222, Mr. Entry). Advised keys would be sent. Received keys on 6/23, wrong ones. Call Mr. Entry 6/23, correct keys received on 6/28. Assignment completed 6/29.

Other Required Information Example:

- a. No emergency repairs
- b. Vacant and secured
- c. N/A
- d. See attached for photos